SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY

Financial Statements
June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Southeastern Pennsylvania Transportation Authority
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY (the "AUTHORITY"), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the AUTHORITY's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the AUTHORITY, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Governmental Accounting Standards Board Pronouncements

As described in Note 1 to the financial statements, in 2021 the AUTHORITY adopted the provisions of Governmental Accounting Standards Board Statement No. 84, "*Fiduciary Activities*". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Employer Pension Contributions – Last 10 Years, Schedule of Pension Investment Returns – Last 10 Years, and Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 3 through 10 and pages 73 through 81, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Statements of Plan Net Position and the Statements of Changes in Plan Net Position on pages 82 through 86 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statements of Plan Net Position and the Statements of Changes in Plan Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statements of Plan Net Position and the Statements of Changes in Plan Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Harrisburg, Pennsylvania
December 29, 2021

This section of the Southeastern Pennsylvania Transportation Authority's ("Authority") annual financial statements presents a discussion and analysis of the Authority's performance during the fiscal years that ended June 30, 2021 and 2020. In Fiscal Year 2020, the Authority adopted GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance".* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. In Fiscal Year 2021, the Authority adopted GASB Statement No. 84, "*Fiduciary Activities".* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

We encourage readers to consider the information presented here in conjunction with the Authority's financial statements which immediately follows this section.

2021 FINANCIAL HIGHLIGHTS

Passenger revenues decreased 57.1% from $350.4 million to $150.2 million primarily due to the impact of the COVID-19 pandemic on the Authority's ridership which decreased by 58.6%. Prior to the pandemic, revenue, and ridership at the end of fiscal year-to-date February 2020 was 0.7% and 0.9% ahead of prior year, respectively. Other operating revenue was also negatively impacted and decreased 11.0% from $54.1 million to $48.2 million primarily due to lower state Shared Ride Program reimbursements, advertising, and parking, offset by a one-time liquidated damages payment related to the construction of the combined heat and power (CHP) plant.

Operating expenses decreased 0.2% from $1,735.0 million to $1,731.8 million primarily due to lower labor wages, casualty and liability expenses, lease rentals, purchased transportation, services, fuel and lubricant costs, and other material and supplies offset by higher fringe benefits, utilities, and depreciation expenses. The lower costs were realized to a reduction in service once the pandemic began.

Total government subsidies needed to support operations increased 18.1% from $996.1 million to $1,176.4 million primarily to the receipts of CARES Act funding. On March 27, 2020, the U.S. Congress passed, and the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act provides emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic. The Authority was awarded $644 million in CARES Act funding, a portion of which offset the significant passenger revenue shortfall resulting from lower ridership related to the COVID-19 pandemic. The CARES Act Grant was awarded by the Federal Transit Administration on June 3, 2020. The Authority recognized $464.1 million in federal CARES Act funding to help offset lower passenger revenues.

Total assets increased 2.6% from $5,348.0 million to $5,487.5 million primarily due to an increase in current assets. Total liabilities increased 13.9% from $3,469.5 to $3,950.2 primarily due to an increase in long-term debt of $65.3 million, net pension liabilities of $103.0 million and other postemployment benefits liabilities of $236.6 million. There was an increase in deferred outflows from pensions of $88.3 million and a decrease in deferred inflows from pensions of $14.5 million related to GASB Statement No. 68 and 71. There was an increase in deferred outflows from other postemployment benefits of $179.0 million and a decrease in deferred inflows of $87.3 million related to GASB Statement No. 75.

Total Net Position increased 1.7% from $1,575.7 million to $1,602.3 million due to capital grants and nonoperating revenues being greater than the net loss from operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of: management's discussion and analysis (this section), basic financial statements, and notes to the financial statements.

The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows provide information about the Authority's financial position and recent activities. The financial statements also include notes that explain some of the information in the financial statements, provide more detailed data, and provide additional information regarding the Authority's overall financial status. The Authority's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net position. Total net position of the Authority as of June 30, 2021, increased $26.6 million compared to June 30, 2020. At June 30, 2021, total assets increased $139.5 million or 2.6% to $5,487.5 million and total liabilities increased $480.7 million or 13.9% to $3,950.2 million. At June 30, 2020, total assets had decreased 0.3% and total liabilities had decreased 1.1% compared to June 30, 2019.

Net Position
(thousands of dollars)

	As of June 30,		
	2021	2020	2019
Current assets	$ 676,746	$ 578,360	$ 650,589
Restricted funds	44,113	43,270	41,472
Capital assets	4,763,782	4,722,860	4,666,895
Other assets	2,886	3,513	3,985
Total assets	5,487,527	5,348,003	5,362,941
Deferred outflows of resources	520,237	254,535	222,146
Total assets and deferred outflows	$ 6,007,764	$ 5,602,538	$ 5,585,087
Current liabilities	$ 726,167	$ 656,480	$ 746,900
Public liability, property damage and workers' compensation claims	129,901	124,625	109,703
Long-term debt	569,853	504,507	530,433
Long-term capitalized lease obligation	29,429	27,724	25,363
Net pension liability	998,240	895,200	909,804
Other postemployment benefits	1,493,341	1,256,735	1,178,556
Other liabilities	3,281	4,235	5,568
Total liabilities	3,950,212	3,469,506	3,506,327
Deferred inflows of resources	455,220	557,340	639,125
Net position:			
Net investment in capital assets	4,166,249	4,206,780	3,976,723
Restricted	5,587	5,661	5,295
Unrestricted (deficit)	(2,569,504)	(2,636,749)	(2,542,383)
Total net position	1,602,332	1,575,692	1,439,635
Total liabilities, deferred inflows and net position	$ 6,007,764	$ 5,602,538	$ 5,585,087

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

The $98.4 million increase in current assets includes increases in restricted funds of $119.7 million and prepaid expenses of $0.5 million offset by decreases in unrestricted funds of $1.1 million, and in net receivables of $16.9 million, and in material & supplies of $3.8 million. The restricted funds increase is primarily due to an increase in the Service Stabilization Fund. The net receivable decrease of $16.9 million is primarily due to receipt of federal and state capital grants in Fiscal Year 2021, offset by an increase in the subsidies receivables, and other receivables due to lower receivable amounts from third-party agents. The decrease in receivables in Fiscal 2020 was due to the delay in the receipt of Fiscal 2019 state capital grant funds resulted from PennDOT's inability to fully-fund payments due pursuant to Act 89 because of a lawsuit filed by the Owner Operator Independent Drivers Association, Inc. that alleged the PA Turnpike Commission's annual payment to PennDOT to fund mass transit across the Commonwealth was unconstitutional. On August 13, 2019, the US Court of Appeals for the Third Circuit affirmed the April 4, 2019, order by the US District Court for the Middle District of Pennsylvania that dismissed the lawsuit against the PA Turnpike Commission and the Commonwealth of Pennsylvania. Material and supplies decreased $3.8 million due to a reduction in materials used during the pandemic. Prepaid expenses were $0.5 million higher than the prior year primarily related to higher prepayments for information technology hardware maintenance contracts, and insurance policies offset by a decrease in deferred rent payments, and Amtrak Access Rights.

The $72.2 million decrease in current assets as of June 30, 2020, from the previous year was primarily due to a decrease in restricted and unrestricted funds, net receivables related to the timing of the receipt of federal, state and local operating and capital grants beyond June 30, 2019, offset by an increase in material and supplies, and prepaid expenses.

The $0.8 million increase in noncurrent restricted funds as of June 30, 2021, is primarily due to a $1.7 million funding increase in the M-4 Lease Collateral Fund offset by a reduction in the Haunch Repair Fund.

In addition to restricted funds, the Authority maintains various unrestricted designated funds, a majority of which were adopted by resolution of the Authority's Board to cover a portion of the public liability, property damage and workers' compensation claims for which the Authority is self-insured. These Board designated amounts totaled $55.1 million as of June 30, 2021, $55.2 million as of June 30, 2020, and $52.9 million as of June 30, 2019. The Authority also maintains an unrestricted designated fund, derived from swaption proceeds received in March 2003, which is being amortized over the remaining life of the related outstanding bonds. The remaining swaption fund balance was $76 thousand as of June 30, 2021 and was $262 thousand as of June 30, 2020.

For Fiscal Year ending June 30, 2021, total capital assets increased $474.1 million, less $64.9 million of retirements, and accumulated depreciation increased $433.2 million, less $64.9 million of accumulated depreciation retirements, resulting in a net capital asset increase of $40.9 million. At June 30, 2020, net capital assets had increased $56.0 million over the prior year. Major expenditures during both Fiscal Years 2021 and 2020 were incurred for various transit and Regional Rail infrastructure improvements such as the SEPTA Key, new buses, locomotives, vehicle overhaul program, substations and stations, loops, and parking improvements.

The decrease in other assets of $0.6 million in Fiscal Year 2021 is due to the Authority's termination of the Authority's basis swap. The $0.5 million increase in Fiscal 2020 was due to the decreased amortized costs in connection with the Authority's outstanding debt.

Total liabilities at June 30, 2021 increased $480.7 million primarily due to an increased recognition in other postemployment benefit obligations of $236.6 million, unearned revenue of $131.4 million, an increased net pension liability of $103.0 million, long-term debt of $72.3 million, public liability, property damage, and workers compensation claims liability of $11.4 million, accrued expenses of $3.9 million, and capital lease obligation of $1.7 million, offset by a decrease in the line of credit borrowings of $75.0 million, accounts payable of $3.7 million, and other liabilities of $954 thousand. The accounts payable decrease is primarily related to lower liabilities for capital assets partially due to projects being halted due to the pandemic. The long-term debt increase was due to additional borrowings during the year of $97.2 million to fund capital projects, and a $15.8 million net increase of amortized bond premium costs. Offsetting the June 30, 2021, debt increase were debt service payments of $39.9 million, a favorable decrease in the fair value of the Authority's swap of $0.8 million. The unearned revenue increase is due to an increase in the Act 44 state and locally matched service stabilization restricted cash and investments balance which will be used to support the operations in Fiscal 2022. Accrued expenses increased $3.9 million, or 4.6%, partially due to payroll wages and taxes. The line of credit decreased reflects a $60.0 million outstanding balance on the line of credit as compared to a balance of $135.0 million at Fiscal Year-end 2020. Additionally, there were increases

in the public liability, property damage and workers' compensation claims liability of $11.4 million due in part to a slowdown in claim payouts resulting from the pandemic, and a decrease to other liabilities of $954 thousand. The other liability decrease reflects the use of restricted vehicle lease proceeds and other capital project funds to acquire or improve capital assets.

At June 30, 2020, total liabilities decreased $36.8 million primarily due to a reduction in long-term debt of $172.0 million, unearned revenue of $44.7 million, accounts payable $16.8 million, a reduced net pension liability of $14.6 million, other liabilities of $1.4 million, and accrued expenses of $0.8 million, offset by an increase in the line of credit borrowings of $115.0 million, increased recognition in other postemployment benefit obligations of $78.2 million, public liability, property damage, and workers compensation claims liability of $17.9 million, and capital lease obligations of $2.4 million.

Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the amount of long-term debt and liabilities attributable to the acquisition of those assets. Restricted net position represents deposits that are not available for general use because of third-party restrictions. Unrestricted net position represents net assets that are available for general use. The unrestricted net position deficit decreased $67.2 million and increased $94.3 million in Fiscal Years 2021 and 2020, respectively, to a total deficit amount of $2,569.5 million at June 30, 2021. The Fiscal Year 2020 unrestricted net position deficit increase reflects an increased recognition of the accrued other postemployment benefit obligation decrease of $78.2 million, offset by a decrease of $14.6 million for net pension liability in Fiscal Year 2020. The deficit in unrestricted net position is not expected to have an adverse impact on continuing operations primarily due to the amount of noncurrent liabilities for other postemployment benefits, the net pension liability and public liability, property damage, and worker's compensation claims. These liabilities previously served, directly or indirectly, to increase the deficit; however, the liability amounts are not expected to be significantly liquidated in the upcoming year, which therefore would not require the use of monetary assets.

In Fiscal Year 2008, the Authority began receiving State funding pursuant to Act 44 which was enacted by the State legislature in July 2007 and signed into law by the Governor on July 18, 2007. This legislation established a Public Transportation Trust Fund ("PTTF") in the State Treasury and completely restructured the way public transportation was funded in Pennsylvania. The former system of funding transit agencies from the State General Fund, Lottery Fund, Act 26 of 1991, and Act 3 of 1997, was repealed and replaced with the PTTF dedicated fund. The PTTF provides State funding, in conjunction with required local matching funds, for five programs, namely: operating, asset improvement, capital improvements, programs of statewide significance, and new initiatives. In March 2010, the Pennsylvania Turnpike Commission was unable to obtain approval of the Federal Highway Administration to begin tolling Interstate 80. As a result, PTTF funding for transportation in the Commonwealth was significantly impacted. With the reduction in PTTF funding, SEPTA's annual capital budget was cut by 25 percent, or $110 million, beginning in Fiscal Year 2011 which continued into Fiscal Year 2014 with a total capital budget of $308.0 million. The capital budget in Fiscal Years 2021 and 2022 was $640.2 million and $618.9 million, respectively. The increase was due to the Pennsylvania General Assembly passage of transportation funding legislation, Act 89 of 2013, which was signed into law by the Governor in November 2013. Act 89 of 2013 provides a dedicated, long-term funding source for transportation in Pennsylvania that includes funding for public transportation as well as roads, bridges and multimodal transportation.

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

Changes in Net Position. Net position for the Fiscal Year ended June 30, 2021 increased $26.6 million to $1,602.3. The increase in net position as compared to Fiscal Years 2020 and 2019 is described below. For Fiscal Year 2021, total operating revenues decreased 51.0% and total operating expenses decreased 0.2%. In Fiscal Year 2020, total operating revenues decreased 22.0% and total operating expenses had increased 1.5%.

Changes in Net Position
(thousands of dollars)

	For the Years ended June 30,		
	2021	2020	2019
Operating revenues			
Passenger	$ 150,234	$ 350,441	$ 459,075
Other income	48,157	54,112	59,628
Total operating revenues	198,391	404,553	518,703
Operating expenses			
Operating expenses excluding depreciation	1,298,543	1,313,287	1,302,054
Depreciation	433,217	421,739	406,972
Total operating expenses	1,731,760	1,735,026	1,709,026
Loss from operations	(1,533,369)	(1,330,473)	(1,190,323)
Nonoperating revenues (expenses)			
Subsidies	1,176,429	996,105	889,761
Nonoperating expenses - net	(13,719)	(9,088)	(9,066)
Total nonoperating revenues (expenses)	1,162,710	987,017	880,695
Capital grant funding	397,299	479,513	621,351
Increase (decrease) in net position	26,640	136,057	311,723
Net position, beginning	1,575,692	1,439,635	1,127,912
Net position, ending	$ 1,602,332	$ 1,575,692	$ 1,439,635

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

Passenger revenue decreased 57.1%, in Fiscal Year 2021 and 23.7% in Fiscal Year 2020, primarily due to the impact of COVID-19 pandemic on ridership. Other income decreased 11.0% in Fiscal Year 2021 primarily due to lower state Shared Ride Program reimbursements, advertising, parking, and real estate rentals offset by a one-time liquidated damages payment related to the construction of a combined heat & power (CHP) plant.

Subsidies increased 18.1% in Fiscal Year 2021 to meet the budgeted expense increase, and the revenue shortfall from ridership losses due to the pandemic. On March 27, 2020, the U.S. Congress passed, and the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act provides emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic. The Authority was awarded $644 million in CARES Act funding, a portion of which offset the significant passenger revenue shortfall resulting from lower ridership related to the COVID-19 pandemic. The CARES Act Grant was awarded by the Federal Transit Administration on June 3, 2020. The Authority recognized $464.1 million in CARES Act funding for Fiscal 2021. In Fiscal 2020, subsidies increased $106.3, including $66.6 million in CARES Act funding, to meet ridership losses and budgeted expense increases.

Other non-operating expenses, which increased by $4.6 million in Fiscal Year 2021, include an interest expense increase of $0.5 million and an investment income decrease of $4.1 million. The interest expense increase is primarily related to the issuance of the Capital Grant Receipts (CGR) 2020 bonds in July 2020. The investment income decrease in Fiscal Year 2021 was due to the unfavorable change in the market value of investments as compared to Fiscal Year 2020. In Fiscal Year 2020, other non-operating expenses was relatively the same as in Fiscal 2019, including lower interest on debt of $1.0 million and an investment decrease of $1.0 million related to a unfavorable market value change of investments.

Capital grant funding decreased $82.2 million in Fiscal Year 2021 partially due to a reduced budget and was comprised of decreases in federal funding of $23.5 million, and state funding of $60.9 million, partially offset by an increase in local funding of $2.2 million. Capital grant funding decreased $141.8 million in Fiscal Year 2020 primarily due to a decrease in federal, and state, offset by an increase in local funding.

Operating Expenses
(thousands of dollars)

	For the Years ended June 30, 2021	2020	2019
Salaries and wages	$ 549,759	$ 558,571	$ 562,304
Fringe benefits	416,408	385,567	369,624
Services	92,341	85,011	91,368
Fuel & lubricants	21,511	26,239	28,531
Tires & tubes	2,574	2,406	2,550
Other material & supplies	51,669	58,040	61,017
Utilities	42,500	41,921	45,821
Casualty & liability	27,882	39,673	23,954
Taxes	1,246	1,384	1,568
Purchased transportation	33,163	44,453	56,038
Leases and rentals	52,868	65,215	55,985
Miscellaneous	6,622	4,807	3,294
Depreciation	433,217	421,739	406,972
Total operating expenses	$ 1,731,760	$ 1,735,026	$ 1,709,026

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

Salaries and wages decreased $8.8 million, or 1.6%, in Fiscal Year 2021 primarily due to cuts in service due to the COVID-19 mitigation efforts, and vacancies caused by retirement. In Fiscal 2020 salaries and wages decreased 0.7% partially due to cuts in service due to the COVID-19 mitigation efforts. Fringe Benefit expenses increased $30.8 million, or 8.0%, in Fiscal Year 2021, primarily due to a higher current year pension funding and other postemployment benefit costs. In Fiscal Year 2020, fringe benefits increased $15.9 million, or 4.3%, primarily due to lower actuarial reduction in current year pension costs and other postemployment benefits costs.

Services increased 8.6% in Fiscal Year 2021 primarily related to legal costs, consulting, snow removal, contract service and software maintenance costs offset by higher ticket vending, and banking fees. The service expense decrease in Fiscal Year 2020 was primarily related to lower advertising costs, snow removal, ticket vending, pollution remediation and legal and other costs incurred to defend claims, offset by higher contract service and software maintenance costs.

Fuel and lubricants decreased 18.0% in Fiscal Year 2021 primarily due to lower consumption and the service cuts caused by the COVID-19 mitigation efforts. The expense decreased 8.0% in Fiscal 2020 primarily due to lower consumption and the service cuts caused by the COVID-19 mitigation efforts.

Tires and tubes expenses increased 7.0% in Fiscal Years 2021 due to a contractual CPI increase offset by cuts in operating service and decreased 5.7% in Fiscal 2020 due to cuts in operating service offset by a contractual CPI increase.

Other material and supplies decreased 11.0% in Fiscal Year 2021 and 4.9% in Fiscal 2020 due to lower infrastructure and vehicle maintenance material costs.

Utilities increased 1.4% in Fiscal Year 2021, primarily due to higher telephone, heating, and rubbish removal costs offset by lower propulsion power caused by cuts in service, rubbish removal, lower electric, water, and sewer costs. In Fiscal Year 2020, utilities decreased 8.5%.

Casualty and liability expenses increased $11.8 million in Fiscal Year 2021 compared to Fiscal 2020, related to a decrease in claims filed due to cuts in service due to the COVID-19 mitigation efforts, offset by an increase in costs to settle cases. In Fiscal Year 2020 expenses increased $15.7 million due to an increase in costs expected to settle claims.

Purchased transportation expenses decreased 25.4% in Fiscal Year 2021 and 20.7% in Fiscal 2020, primarily due to lower demands for service caused by the pandemic.

Lease and rental expenses decreased 18.9% in Fiscal Year 2021 primarily due to a decrease in Amtrak lease costs, and rental costs for leased service and revenue vehicles. In Fiscal 2020 lease and rental expenses increased 16.5% due to Amtrak lease costs and rental costs for service vehicles.

Miscellaneous expenses increased $1.8 million in Fiscal Year 2021 and $1.5 million in Fiscal 2020 primarily due to a higher funding of the M-4 lease collateral due to lower than expected returns to meet the future obligation.

Depreciation expenses increased 2.7% in Fiscal Year 2021 and 3.6% in Fiscal 2020, primarily due to the investment in capital assets in both fiscal years which was being impacted by the increase in available capital grant funds, and energy performance projects funded by energy savings contracts (ESCOs).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the Authority's investment in capital assets, which included revenue vehicles, transit facilities, track, roadway, and signals, was $11,819.0 million. Net of accumulated depreciation of $7,055.2 million, net capital assets totaled $4,763.8 million. This amount represents a net increase, including additions and disposals net of depreciation, of $40.9 million, or 0.9% from June 30, 2020.

As of June 30, 2021, the Authority has commitments for various unexpended construction and design contracts of approximately $330 million and commitments for unexpended revenue vehicle purchases of approximately $128 million primarily for electric and hybrid buses, paratransit vehicles and multi-level rail cars. The Authority's capital budget for Fiscal Year 2022 includes capital asset additions in the amount of $526.0 million. A significant portion of the additions is scheduled for the normal replacement and

overhaul of vehicles, and various critical infrastructure improvement capital programs which includes maintenance shops and offices, passenger stations, New Payment (SEPTA Key) technology project, substation and power improvements, and other communications, signal systems and technology improvements.

Debt Administration. As of June 30, 2021, the Authority's long-term debt, including current maturities, was $570.4 million. This amount excludes the swap derivative liability of $0.4 million and $39.9 million in unamortized premiums (or $610.6 million in total). Long-term debt increased $57.3 million due to the July 2020 issuance of the Capital Grants Receipts Revenue Bonds, Series 2020, in the amount of $97.2 million to purchase 140 diesel-hybrid buses. Offsetting the long-term debt increase were regularly scheduled debt service payments of $39.9 million.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, customers, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, Southeastern Pennsylvania Transportation Authority, 1234 Market Street, 9th Floor Philadelphia, PA 19107-3780.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020
(THOUSANDS OF DOLLARS)

ASSETS AND DEFERRED OUTFLOWS	2021	2020
CURRENT ASSETS		
Unrestricted funds (Note 2)		
Cash and cash equivalents	$ 42,027	$ 50,371
Investments	25,509	18,258
Restricted funds (Note 2)		
Cash and cash equivalents	210,076	88,462
Investments	121,499	123,440
Receivables		
Operating subsidies	9,563	7,386
Capital grants (Note 3)	134,090	155,603
Other	12,995	10,592
Material and supplies	96,834	100,656
Prepaid expenses	24,153	23,592
Total current assets	676,746	578,360
NONCURRENT ASSETS		
Restricted funds (Note 2)		
Cash and cash equivalents	25,402	26,096
Investments	18,711	17,174
Capital assets, net (Notes 3, 4, 5 & 6)	4,763,782	4,722,860
Other	2,886	3,513
Total noncurrent assets	4,810,781	4,769,643
Total assets	5,487,527	5,348,003
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivative (Note 5)	374	1,266
Deferred charge on refundings	4,686	5,426
Deferred outflow of resources from pensions (Note 7)	243,340	154,997
Deferred outflow of resources from post employment benefits (Note 8)	271,837	92,846
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 6,007,764	$ 5,602,538

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	2021	2020
CURRENT LIABILITIES		
Current maturities of Long-term debt (Note 5)	$ 40,784	$ 33,874
Accounts payable - trade	110,682	114,347
Accrued expenses	90,006	86,077
Line of credit	60,000	135,000
Current portion of public liability, property damage and workers' compensation claims (Note 11)	61,584	55,469
Unearned revenue	363,111	231,713
Total current liabilities	726,167	656,480
NONCURRENT LIABILITIES		
Public liability, property damage and workers' compensation claims (Note 11)	129,901	124,625
Long-term debt (Note 5)	569,853	504,507
Long-term capitalized lease obligation (Note 6)	29,429	27,724
Net pension liability (Note 7)	998,240	895,200
Other postemployment benefits (Note 8)	1,493,341	1,256,735
Other liabilities (Note 6)	3,281	4,235
Total noncurrent liabilities	3,224,045	2,813,026
Total liabilities	3,950,212	3,469,506
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from pensions (Note 7)	35,040	49,557
Deferred inflows of resources from other post employment benefits (Note 8)	419,177	506,510
Deferred charge on refundings	1,003	1,273
Total liabilities and deferred inflows of resources	4,405,432	4,026,846
NET POSITION		
Net investment in capital assets	4,166,249	4,206,780
Restricted	5,587	5,661
Unrestricted (deficit)	(2,569,504)	(2,636,749)
Total net position	1,602,332	1,575,692
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 6,007,764	$ 5,602,538

See accompanying notes to Financial Statements.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(THOUSANDS OF DOLLARS)

	2021	2020
OPERATING REVENUE:		
Passenger Fare	$ 150,234	$ 350,441
Route Guarantees	5,220	4,175
State Shared Ride Program	4,756	10,656
Area Agency on Aging	58	799
Other contract revenue	-	22
Advertising	12,316	14,540
Miscellaneous income	25,807	23,920
Total revenue available from operations	198,391	404,553
OPERATING EXPENSES:		
Salaries and wages	549,759	558,571
Fringe benefits	416,408	385,567
Services	92,341	85,011
Fuel & lubricants	21,511	26,239
Tires & tubes	2,574	2,406
Other materials & supplies	51,669	58,040
Utilities	42,500	41,921
Casualty & liability	27,882	39,673
Taxes	1,246	1,384
Purchased transportation	33,163	44,453
Leases and rentals	52,868	65,215
Miscellaneous	6,622	4,807
Depreciation	433,217	421,739
Total operating expenses	1,731,760	1,735,026
Loss from operations	(1,533,369)	(1,330,473)
NON-OPERATING REVENUES/(EXPENSES):		
Capital funds used for operating assistance and planning grants:		
Federal government	7,865	86,217
Commonwealth of Pennsylvania	31,058	48,460
Local governments	1,063	1,652
Operating grants:		
Federal government - CARES	464,136	66,620
Commonwealth of Pennsylvania Act 44 Funds	584,615	689,701
Local Governments Act 44 Matching Funds	87,692	103,455
Total government subsidies for operations	1,176,429	996,105
Other Private/Public Sources		
Investment income (loss)	(141)	3,997
Gain/(Loss) on disposal of capital assets	-	-
Interest expense (Note 5)	(13,578)	(13,085)
Total nonoperating revenues (expenses)	1,162,710	987,017
Loss before capital grant funding	(370,659)	(343,456)
CAPITAL GRANT FUNDING:		
Federal	143,955	167,476
State	243,562	304,412
Local	9,782	7,625
Total capital grant funding	397,299	479,513
INCREASE (DECREASE) IN NET POSITION	26,640	136,057
Net position, beginning of year	1,575,692	1,439,635
Net position, ending	$ 1,602,332	$ 1,575,692

See accompanying notes to Financial Statements.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(THOUSANDS OF DOLLARS)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 148,091	$ 360,957
Other receipts	36,280	51,643
Payments for salaries, wages and fringe benefits	(988,937)	(994,577)
Payments for fuel, utilities and taxes	(65,934)	(70,001)
Payments for casualty and liability claims	(18,113)	(25,556)
Payments for other operating expenses	(229,780)	(271,842)
Net cash used in operating activities	(1,118,393)	(949,376)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Receipts of operating subsidies	1,329,834	945,927
Net cash provided by noncapital financing activities	1,329,834	945,927
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	410,587	502,386
Acquisition of operating property and construction in progress	(488,753)	(491,056)
Proceeds from issuance of debt and refunding debt	120,722	33,127
Payments for refunding of long-term debt	-	(19,840)
Proceeds from line of credit	60,000	135,000
Repayment of line of credit	(135,000)	(20,000)
Receipt or proceeds in long-term capitalized lease obligation	1,705	2,361
Repayment of long-term debt	(39,895)	(180,101)
Interest paid	(21,330)	(16,666)
Net cash (used in) provided by capital and related financing activities	(91,964)	(54,789)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	48,964	390,684
Receipt of interest	295	3,447
Purchase of investments	(56,160)	(355,481)
Net cash provided by (used in) investing activities	(6,901)	38,650
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	112,576	(19,588)
CASH AND CASH EQUIVALENTS		
Beginning of year	164,929	184,517
End of year	$ 277,505	$ 164,929
CASH AND CASH EQUIVALENTS		
Unrestricted	$ 42,027	$ 50,371
Restricted	235,478	114,558
Total	$ 277,505	$ 164,929
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$ (1,533,369)	$ (1,330,473)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	433,217	421,739
Decrease (increase) in other receivables	1,043	705
Decrease (increase) in materials & supplies	3,822	(9,831)
(Increase) decrease in prepaid expenses	(561)	(1,339)
Increase (decrease) in accounts payable - trade	6,760	(2,436)
(Decrease) increase in accrued expenses, uneraned revenue and other liabilities net of other assets	(11,158)	8,609
Increase (decrease) in net pensions liability and pension deferred inflows/outflows	180	(7,040)
Increase (decrease) in public liability and property damage claims	11,391	17,948
(Decrease) increase in other postemployment benefits and deferred inflows/outflows	(29,718)	(47,258)
Total adjustments	414,976	381,097
Net cash used in operating activities	$ (1,118,393)	$ (949,376)

See accompanying notes to Financial Statements.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
PENSION PLAN TRUST FUNDS
(THOUSANDS OF DOLLARS)

	2021	2020
Assets:		
Receivables		
Plan member contributions	$ 2,048	$ 1,590
Employer contribution receivable	-	10,079
Interest and dividends	2,322	1,778
Sales pending settlement	12,054	10,248
Total receivables	16,424	23,695
Cash equivalents and		
Investments, at fair value		
Cash equivalents	56,623	48,156
Alternative	152,683	115,321
Corporate and other government obligations	370,007	308,516
Preferred stocks	167	-
Common stocks	1,082,419	814,364
Private equity	150,847	130,663
Real estate	85,507	95,094
Natural resources	3,651	3,285
Total Investments	1,901,904	1,515,399
Total assets	1,918,328	1,539,094
Liabilities:		
Purchases pending settlement	15,520	17,204
Net position restricted for pensions	$ 1,902,808	$ 1,521,890

See accompanying notes to the Financial Statements.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION PLAN TRUST FUNDS
(THOUSANDS OF DOLLARS)

	2021	2020
Additions		
Contributions		
Employer (ADC)	$ 112,927	$ 110,865
Plan member	20,789	20,374
Other	-	-
Total contributions	133,716	131,239
Investment income (loss)		
Net realized gain	76,397	32,243
Net (decrease) in fair value of investments	300,863	(13,124)
Interest	9,497	11,100
Dividends	12,852	11,839
Total investment gain	399,609	42,058
Less investment expense	3,623	3,213
Net investment income	395,986	38,845
Total additions	529,702	170,084
Deductions		
Benefits	147,905	139,778
Asset transfer for transferred employees	-	-
Administrative expense	879	626
Total deductions	148,784	140,404
Net increase	380,918	29,680
Net position restricted for pensions		
Beginning of year, as restated (See note 13)	1,521,890	1,492,210
End of year	$ 1,902,808	$ 1,521,890

See accompanying notes to the Financial Statements.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

1. Summary of Significant Accounting Policies

Basis of Presentation and Nature of Authority

The Southeastern Pennsylvania Transportation Authority ("Authority" or "SEPTA"), an instrumentality of the Commonwealth of Pennsylvania created by the State legislature, operates transportation facilities in the five-county Philadelphia metropolitan area which encompasses approximately 2,200 square miles. The Authority's operations are accounted for in the following separate divisions: City Transit, Regional Rail and Suburban Operations (Victory and Frontier). All material interdivisional transactions have been eliminated.

The City Transit Division serves the City of Philadelphia ("City") with a network of 86 subway-elevated, light rail, trackless trolley, and bus routes, as well as demand response services, providing approximately 199 thousand passenger trips per day. The Regional Rail Division serves all five counties with a network of 13 commuter rail lines, providing approximately 24 thousand passenger trips per day. The Suburban Operations Division serves the western and northern suburbs with a network of 48 interurban trolley, light rail, and bus routes, as well as demand response services, providing approximately 23 thousand passenger trips per day.

There are two principal sources of revenue: passenger revenue and governmental subsidies. The subsidies are dependent upon annual appropriations, which are not determinable in advance, from Federal, State, and local sources. The subsidies for Fiscal Years 2021 and 2020 are summarized as follows:

	2021	2020
Federal subsidies:		
Preventive maintenance reimbursements	$ -	$ 36,200
Leasehold/debt service reimbursements	7,865	50,017
Federal Emergency Grant - CARES Act	464,136	66,620
State and local subsidies:		
Act 44 operating subsidies	672,307	793,156
Act 44 leasehold/debt service reimbursements	32,121	50,112
Total subsidies	$1,176,429	$ 996,105

On July 6, 2012, the President signed “Moving Ahead for Progress in the 21st Century (MAP-21)” into law. MAP-21 authorized funding for Fiscal Years 2013 and 2014. Through several extensions passed by Congress and signed by the President, MAP-21 continued to be authorized until December 4, 2015. On December 4, 2015, the President signed into law the Fixing America’s Surface Transportation Act, or “FAST Act.” The FAST Act authorizes funding for federal transit, rail, and highway programs in Federal Fiscal Years 2016 through 2020. It is the first law enacted in over ten years that provided long-term funding certainty for surface transportation infrastructure planning and investment. The FAST Act builds on and modifies previous surface transportation laws, including the Moving Ahead for Progress in the 21st Century Act (MAP-21). Federal subsidies provide reimbursement for bus and rail transit capital projects, preventive maintenance, debt service and certain capital lease expenses. A one-year FAST Act extension, through September 30, 2021, was enacted as part of the Continuing Appropriations Act, 2021, and other Extensions Act (Pub.L. 116-159).

On March 27, 2020, the $2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law by the President in response to public health and economic impacts of the COVID-19 pandemic in the United States. The Federal Transit Administration was appropriated $25 billion of CARES Act funding to allocate to

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation and Nature of Authority (Continued)

recipients of urbanized and rural area formula funds. Operating expenses incurred beginning on January 20, 2020, for all rural and urban recipients are eligible, including operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency. Funding was provided at 100% federal share, with no local match required and is available to support capital, operating, and other eligible expenses to prevent, prepare for, and respond to COVID-19. SEPTA will utilize apportioned CARES Act funds for operating and capital expenses incurred in Fiscal Years 2020, 2021, 2022, and 2023.

On December 27, 2020 the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) was signed into law. CRRSAA provides more than $900 billion of federal funding nationwide in response to the COVID-19 pandemic. The public transportation provisions of CRRSAA provide $14 billion in emergency relief funds for transit operators to prevent, prepare for, and respond to the coronavirus. On January 11, 2021, the FTA released apportionments for the CRRSAA funding and SEPTA was allocated $252 million. SEPTA will utilize apportioned CRRSAA Act funds for operating and capital expenses incurred in Fiscal Years 2022 and 2023.

On March 11, 2021, the American Rescue Plan Act of 2021 (ARP) was signed into law. ARP provides $1.9 trillion to combat the COVID-19 pandemic, including public health and economic impacts. The public transportation provisions of ARP provide $30.5 billion in emergency relief funds for transit operators to prevent, prepare for, and respond to the coronavirus. SEPTA will utilize apportioned ARPA funds of $667 million for operating expenses incurred in Fiscal Years 2022, 2023, and 2024.

Since Fiscal Year 2008, State funding had been pursuant to Act 44 of 2007 (“Act 44”). Act 44 was enacted by the State legislature in July 2007 and signed into law by the Governor on July 18, 2007. This legislation established a Public Transportation Trust Fund (“PTTF”) in the State Treasury and completely restructured the way public transportation is funded in Pennsylvania. The former system of funding transit agencies from the State General Fund, Lottery Fund, Act 26 of 1991, and Act 3 of 1997 was repealed and replaced with the PTTF dedicated fund. The PTTF provided State funding, in conjunction with required local governmental matching funds, from the five-county SEPTA region for five programs, namely: operating, asset improvement, capital improvements, programs of statewide significance, and new initiatives. On November 25, 2013, the Governor signed into law Act 89 of 2013. This law, which amended Act 44 of 2007, became effective January 1, 2014.

Act 44 of 2007, as amended by Act 89 of 2013, is a comprehensive transportation funding bill for the Commonwealth of Pennsylvania. For the Authority, the transportation funding bill will provide a predictable, growing source of funds to make critical infrastructure repairs and improvements. Act 44 of 2007, as amended by Act 89, provides state funding in conjunction with required local governmental matching funds from the five-county SEPTA region for operating, the Asset Improvement Program, Programs of Statewide significance, Capital Improvement Program and Alternative Energy Capital Investments program.

State funding represents the largest single source of subsidy revenue and the City is the largest single provider of local subsidies. The state also provides a subsidy for senior citizens under the State Shared Ride Program. It is the Authority's policy to record all subsidies on a basis consistent with the time-period specified in the governmental grant for federal and state subsidies. Local government subsidies were recorded based upon the matching funding requirements of Act 44 and Act 89.

Accounting and Financial Reporting

The Authority follows Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", which requires a Management's Discussion and Analysis to provide an analytical overview and discussion of financial activities. In Fiscal Year 2020, the Authority adopted GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

1. Summary of Significant Accounting Policies (Continued)

Accounting and Financial Reporting (Continued)

In Fiscal Year 2021, the Authority adopted GASB Statement. No. 84 “Fiduciary Activities.” This statement establishes criteria for identifying fiduciary activities and clarifies how these funds should be treated in the financial statements. As a result of adopting this statement, the Authority included the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position in its financial statements and included additional note disclosures related to the Authority’s pension plans.

The Authority's financial statements are prepared using the economic resources measurement focus and the accrual basis in conformity with accounting principles generally accepted in the United States of America as applied to government units. Revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred. The Authority distinguishes operating revenues and expenses from nonoperating items in the preparation of its financial statements. Operating revenues and expenses generally result from the Authority's principal operation of providing passenger service.

The principal operating revenues are passenger fares and essentially all operating expenses relate to the delivery of passenger transportation. All other revenues and expenses are reported as nonoperating revenues or expenses, or capital grants. The cash flow statement is prepared using the direct method.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Renewal and Replacement

A previous agreement with the City required the Authority to provide a portion of its gross revenues to be used for renewal and replacements of operating property, including, when approved, the matching of State or Federal grant funding for the acquisition of capital assets. These funds are included in the restricted cash and investments by the Authority.

Investments

The Authority accounts for investments at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties. Investments are more fully described in Note 2.

Materials and Supplies

The inventory of materials and supplies of maintenance parts is valued on an average cost basis.

Capital Assets

It is the Authority's policy to capitalize and depreciate capital assets acquired with capital grants, renewal and replacement and other operating funds, as more fully described in Note 4.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources or expense until then. The Authority has four items that qualify for reporting in this category within its Statements of Net Position. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources or revenue until that time. The Authority has three items, including deferred pension and OPEB gains, which qualify for reporting in this category.

1. Summary of Significant Accounting Policies (Continued)

Pensions

The Authority maintains five trusteed, single-employer, defined benefit pension plans covering substantially all of its full-time employees, other than regional rail union employees. Regional rail union employees are covered under pension provisions of the Railroad Retirement Act. In accordance with GASB No. 84 “Fiduciary Activities”, the Authority has determined the pension plans to be fiduciary component units of the Authority. The Pension Plans are included in the financial reporting entity as a fiduciary fund because the pension plans are (1) considered to be separate legal entities, (2) the Authority appoints a voting majority of the governing board, and (3) the pension plans impose a financial burden on the Authority as it is legally obligated to make contributions to the plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The pension plans are more fully described in Note 7.

Other Postemployment Benefits

During Fiscal Year 2018, the Authority adopted GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses.

This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The impact of GASB Statement No. 75 is more fully described in Note 8.

Self-Insurance

The Authority provides for the present value of the self-insurance portion of public liability, property damage, workers' compensation claims, and pollution remediation obligations. The Authority is also self-insured for medical coverage and prescription drug benefits it provides to most employees and certain retirees through third-party administrators. As of January 1, 2015, the Authority elected to self-insure, through two third-party administrators, the dental coverage it provides to most employees. The Authority’s self-insurance is more fully described in Note 11.

Grants and Subsidies

All capital grants, meeting the timing and eligibility requirements of the grant agreement, are recorded as an increase in the Statement of Revenues, Expenses and Changes in Net Position.

Statements of Cash Flows

For the purpose of the Statements of Cash Flows, the Authority considers cash equivalents to be all highly liquid investments with a maturity of ninety days or less at the time of purchase.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments

The investments in the accompanying financial statements are reported at fair value.

The components of cash and cash equivalents as of June 30 are:

	2021	2020
Cash on hand	$ 899	$ 887
Cash in bank	33,509	31,653
Money market funds	262,381	150,368
Outstanding checks	(19,284)	(17,979)
Total cash and cash equivalents	277,505	164,929
Less current portion - unrestricted	42,027	50,371
Less current portion - restricted	210,076	88,462
Total noncurrent portion - restricted	$ 25,402	$ 26,096

The components of investments as of June 30 are:

	2021	2020
U.S. Government and agencies	$ 28,038	$ 4,158
Certificates of Deposit	250	250
Commercial paper	10,988	20,900
Mutual funds	126,443	133,564
Total investments	165,719	158,872
Less current portion - unrestricted	25,509	18,258
Less current portion - restricted	121,499	123,440
Total noncurrent portion - restricted	$ 18,711	$ 17,174

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments (Continued)

Fair Value Measurements

	6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Government and agencies	$ 28,038	$ -	$ 28,038	$ -
Certificates of Deposit	250	-	250	-
Commercial paper - discounted	10,988	-	10,988	-
Mutual funds	126,443	126,443	-	-
Total debit securities	165,719	126,443	39,276	-
Investments by fair value level	$ 165,719	$ 126,443	$ 39,276	$ -
	6/30/2020			
Investments by fair value level				
Debt securities				
U.S. Government and agencies	$ 4,158	$ -	$ 4,158	$ -
Certificates of Deposit	250	-	250	-
Commercial paper - discounted	20,900	-	20,900	-
Mutual funds	133,564	133,564	-	-
Total debit securities	158,872	133,564	25,308	-
Investments by fair value level	$ 158,872	$ 133,564	$ 25,308	$ -

For fiscal years ending June 30, 2021 and 2020, SEPTA categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. U.S Government agencies, classified as Level 2, were valued using a matrix pricing technique. Certificates of deposit and commercial paper also classified as Level 2 were valued using quoted market prices of similar assets. Mutual funds, classified as Level 1, were valued using quoted prices for identical assets in an active market in Fiscal Year 2021 and 2020.

For fiscal years ending June 30, 2021 and 2020, SEPTA categorizes its money market funds classified as cash and cash equivalents in the Statements of Net Position as Level 2 using quoted market prices of similar assets.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments (Continued)

The Authority has set aside cash, cash equivalents and investments primarily to provide for the payment of a portion of its future obligations. These include amounts restricted primarily for: State dedicated funds in accordance with Act 44 and contractual agreements between the Authority and external parties. The amounts restricted, as of June 30, are as follows:

	2021	2020
Restricted:		
State dedicated funding provided by Act 44, including local match	$ 286,973	$ 143,130
State Funding provided for Sub-recipients	570	411
State Senior Citizen, Free Transit Funding Provided for Sub-recipients	3	5
Debt Service Funds:		
Capital Grant Receipts Bonds, Series of 2011	8,047	24,601
Capital Grant Receipts Bonds, Series of 2020	3	-
Revenue Refunding Bonds, Series of 2017	13,994	14,291
Revenue Refunding Bonds, Series of 2019	4,105	4,474
Special Revenue Bonds, Series of 2007	20,733	20,316
Capital Project Funds:		
Market-Frankford Elevated Haunch Repair Fund	3,102	3,586
Lease/leaseback guaranteed investment contract to be used for payment of long-term lease obligation	29,428	27,725
US Marshall Service	42	62
Pennsylvania Unified Certification Program	62	325
ESCO#2 Leasing Escrow	1,459	2,356
ESCO#4 Leasing Escrow	1,586	8,229
Security deposits and other	5,581	5,661
Total	$ 375,688	$ 255,172

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2021, allowable investments of the Authority were specified by Act 3 of 1994 ("Act 3") and Act 10 of 2016 ("Act 10"). In general, the Authority may invest in obligations of the U. S. Government and its agencies, repurchase agreements, which are secured by investments allowable by Act 3 and Act 10, and mutual funds which invest in the foregoing items. Act 3 and/or Act 10 does specifically limit investments in municipal bonds and commercial paper to any of the three highest and the highest rating categories, respectively, issued by nationally recognized statistical rating organizations. All the Authority's investment transactions are executed with recognized and established securities dealers and commercial banks and conducted in the open market at competitive prices.

As of June 30, 2021, the Authority's investments in money market funds, mutual funds and bonds of U.S. agencies were rated Aaa by Moody's Investor Service. They also rated 100% of corporate securities as P-1. The Authority's general investment policy is to apply the prudent-person rule while adhering to the investment restrictions as prescribed in Act 3 and Act 10, the Authority's enabling legislation: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

The Authority places no limit on the amount the Authority may invest in any one issuer. More than five percent of the Authority's cash equivalents and investments are in the money market, mutual funds and government securities held by Goldman Sachs Financial Square Government Fund and First American Funds Government Obligations. These cash equivalents and investments are 64.16% and 12.37%, respectively, of the Authority's total cash equivalents and investments.

For a deposit, custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of June 30, 2021, $33,259 of the Authority's cash in the bank of $33,509 was fully collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Authority's name.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2021, $388,824 of the Authority's cash equivalent and investment balance of $428,100 was exposed to custodial credit risk as follows:

Money market funds	$ 262,381
Mutual funds	126,443
Total	$ 388,824

The money market funds and mutual funds invest solely in securities that are issued or guaranteed by the U.S. Government, its agencies or instrumentalities. Fund shares are not insured or guaranteed. SEPTA's policy requires that all deposits with financial institutions must be collateralized to the extent not protected by F.D.I.C. insurance and in accordance with the Commonwealth of Pennsylvania Act No. 72 of 1971. Securities that can be accepted as collateral are limited to U.S. Government Securities, Federal Agency Securities and Municipal Securities. Also, in accordance with its policy, SEPTA's investments, except for money market funds and mutual funds, are held in the Authority's name by a third-party safe-keeping custodian that is separate from the counterparty or in the custody of a trust department, as required by bond covenants.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates and is a measure of the cash-weighted average term to maturity of the investment. The higher the duration, the greater the changes in fair value when interest rates change. The Authority measures interest rate risk using effective duration expressed in years. Effective duration takes into consideration the changes in expected cash flows for securities with embedded options or redemption features when the prevailing interest rates change. As of June 30, 2021, the Authority had the following investments in its portfolio:

Investment type:	Fair Value	Effective Duration
U.S. Government and agencies	$ 28,038	0.271
Certificates of deposit	250	0.000
Commercial paper	10,988	0.010
Money market funds	262,381	0.002
Mutual funds	126,443	0.002
	428,100	
Cash in bank	33,509	
Total fair value including accrued interest	$ 461,609	
Portfolio effective duration		0.28

Through its investment policy, the Authority manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its operating cash investments to less than one year, and its entire invested portfolio to less than three years. The Authority's operating cash invested at fiscal year-end was $0.3 million with an effective duration of 0.003 years. The Authority's entire invested portfolio at fiscal year-end was $461.6 million with an effective duration of 0.28 years.

The nature and composition of the Authority's deposits and investments during the year were similar to those at year-end.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments (Continued)

Fiduciary Activities – Pension Plan Master Trust

The Master Trust (the "Plan") consists of five defined benefit pension plans established to provide retirement benefits to participants in accordance with the benefit structure adopted by the Southeastern Pennsylvania Transportation Authority ("SEPTA"). SEPTA's five retirement benefit plans are the Retirement Plan for Supervisory, Administrative and Management Employees, Retirement Plan for Transit Police, Pension Plan for Certain Bargaining Employees City Transit Division, Pension Plan for Certain Bargaining Employees Red Arrow Division, and Pension Plan for Certain Bargaining Employees Frontier Division. The investments of the Plan will be made for the exclusive benefit of the Plan participants and beneficiaries. Assets of the Plan shall be invested to ensure growth that is adequate to meet both the annual payment obligations and long-term benefits for all retirees. The Plan's assets should be invested in a manner that both preserves and enhances principal over the long term, both in real and nominal terms.

Achieving the Plan's actuarial assumption rate of 6.5% is SEPTA's primary investment goal. This is the total return projected to provide a high probability of achieving SEPTA's long-term investment objectives within acceptable risk levels. The Committee has adopted the asset allocation policy outlined below:

Asset Class	Target Allocation (%)	Exposure Range (%)	Policy Benchmark
Equities	**55**	**45-65%**	
Domestic Large Cap	25	15-35%	S&P 500
Domestic Small-Mid Cap	12	6-18%	Russell 2500
International	18	13-23%	MSCI ACWI ex U.S.
Safe Haven Fixed Income	**13**	**8-18%**	
Domestic Core/Core-Plus	11	6-16%	Barclay's Capital U.S. Aggregate
Cash	2	0-5%	91 Day T-Bills
Return-Seeking Fixed Income	**10**	**5-15%**	
Domestic High-Yield	4	2-7%	Barclay's U.S. High Yield
Bank Loans	3	0-6%	Credit Suisse Leveraged Loan Index
Emerging Market Debt	3	0-6%	JPM EMBI Global Diversified Index
Private Credit	**2**	**0-4%**	HFRI Event Driven: Distressed Restructuring Index
Real Assets	**10**	**5-15%**	
Private Real Assets	3	2-8%	Consumer Price Index +3%
Real Estate	7	2-8%	NCREIF ODCE (Net) Index
Alternatives	**10**	**5-15%**	
Private Equity	5	2-8%	Wilshire 5000 +3%
Hedge Funds	5	2-8%	HFRI Composite FOF

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments (Continued)

Fiduciary Activities – Pension Plan Master Trust (Continued)

The investments in the SEPTA Pension Master Trust are reported at fair value.

The components of cash and cash equivalents as of June 30 are:

	2021	2020
Cash Equivalents	$ 56,623	$ 48,156
Total Cash Equivalents	$ 56,623	$ 48,156

The components of investments as of June 30 are:

	2021	2020
Alternative investments	$ 152,683	$ 115,321
Common Stock	1,082,419	814,364
Private equity	150,847	130,663
Convertible securities	67	68
Fixed income securities	369,940	308,448
Preferred securities	167	-
Real estate	85,507	95,094
Natural resources	3,651	3,285
Total investments	$ 1,845,281	$ 1,467,243

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments (Continued)

Fiduciary Activities – Pension Plan Master Trust (Continued)

	6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities				
Alternative investments	$ 152,683	$ -	$ -	$ 152,683
Convertible or exchangeable securities	67	-	67	
Common stock	1,082,419	846,523	-	235,896
Fixed income securities	369,940	175,340	189,412	5,188
Natural resources	3,651	-	-	3,651
Preferred securities	167	-	167	-
Private equity	150,847	-	-	150,847
Real estate	85,507	-	-	85,507
Investments by fair value level	$ 1,845,281	$ 1,021,863	$ 189,646	$ 633,772

	6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities				
Alternative investments	$ 115,321	$ -	$ -	$ 115,321
Convertible or exchangeable securities	68	-	68	
Common stock	814,364	636,156	-	178,208
Fixed income securities	308,448	14,456	289,562	4,430
Natural resources	3,285			3,285
Preferred securities	-	-	-	-
Private equity	130,663			130,663
Real estate	95,094			95,094
Investments by fair value level	$ 1,467,243	$ 650,612	$ 289,630	$ 527,001

For fiscal years ending June 30, 2021 and 2020, SEPTA categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Common stock and fixed income securities, classified as Level 1, were valued using prices quoted in active markets issued by pricing vendors for these securities. Convertible or exchange securities, preferred securities and fixed income securities, classified as Level 2, were valued using prices determined by the use of matrix pricing techniques maintained by the various pricing vendors for these securities. Alternative investments, common stock, fixed income securities, natural resources, private equity, and real estate classified as Level 3 were valued using the fair value hierarchy of securities whose stated market price is unobservable by the marketplace. Many of these securities are priced by the issuers or industry groups for these securities.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments (Continued)

Fiduciary Activities – Pension Plan Master Trust (Continued)

Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the Fiduciary's custodian bank.

For fiscal years ending June 30, 2021 and 2020, SEPTA categorizes its money market funds classified as cash and cash equivalents in the Statements of fiduciary Net Position as Level 2 using quoted market prices of similar assets.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the pension plan's investments at June 30, 2021 and 2020 were exposed to custodial credit risk. The pension plans do not a policy to limit its exposure to custodial credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates and is a measure of the cash-weighted average term to maturity of the investment. The higher the duration, the greater the changes in fair value when interest rates change. The Authority measures interest rate risk using effective duration expressed in years. Through the pension plan's investment policy, the Pension Plans manage its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its fixed income investments to not exceed 120% of their assigned policy benchmark's effective duration. The Pension Plan's fixed income securities portfolio of $369,940 million had an effective duration of 3.81 years as of June 30, 2021.

Credit risk. Below investment grade securities shall be permitted but must not make more that 5% of the Core & Core Plus Fixed Income Portfolio. The minimum overall average quality of the U.S. high yield and Emerging Market Debt portfolio shall be a "BB" rating or equivalent unless otherwise approved by the Committee. The following is the credit rating for the pension plan's fixed income securities as of June 30, 2021:

Fixed Income Securities	$	27,142	AAA
Fixed Income Securities		152,142	AA
Fixed Income Securities		11,889	A
Fixed Income Securities		27,701	BBB
Fixed Income Securities		39,084	BB
Fixed Income Securities		27,534	B
Fixed Income Securities		9,195	CCC
Fixed Income Securities		446	CC
Fixed Income Securities		858	C
Fixed Income Securities		28	D
Fixed Income Securities		66,265	Not Rated
Fixed Income Securities		7,655	Rating Withdrawn
Total Fixed Income Securities	$	369,940	

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

2. Cash, Cash Equivalents and Investments (Continued)

Fiduciary Activities – Pension Plan Master Trust (Continued)

Concentration of Credit Risk. Pension Plan's investment policy states that equity and international equity holdings in any one company, except mutual funds or commingled funds, should not exceed 10% of the market value of the portfolio without the consent of the Committee. The policy also states that no more than 5% of the Core & Core Fixed Income portfolio will be held in securities of any one issuer, excluding securities issued or guaranteed by the U.S. Government, U.S. Government Agencies, and/or U.S. Government Sponsored Enterprises. No more than 10% of the U.S. High Yield, Private Credit Specialist, Bank Loan, or the Emerging Market Debt portfolio will be held in securities of any one issuer, excluding securities issued or guaranteed by the U.S. Government, U.S. Government Agencies, and/or U.S. Government Sponsored Enterprises. More than 5% of the Pension Plan investments are invested in the Prudential Core Bond Fund, the Vanguard Total Market Fund, and the Blackrock MSCI ACWI EX-US Fund. These investments are 6.3%, 20.5%, and 9.3%, respectively, of the pension plan investments as of June 30, 2021.

Foreign Currency Risk. The Pension Plan's exposure to foreign currency risk is as follows:

Fixed income securities	Brazil Real	$ 985
Fixed income securities	Chilean PESO	423
Fixed income securities	Columbian PESO	1,133
Fixed income securities	Euro Currency Unit	1,004
Fixed income securities	Hungarian FORINT	300
Fixed income securities	Indonesian RUPIAH	2,051
Fixed income securities	Indian RUPEE	280
Fixed income securities	Mexican PESO	2,456
Fixed income securities	Malaysian RINGGIT	1,051
Fixed income securities	Peruvian SOL	572
Fixed income securities	Romanian LEU	458
Fixed income securities	Russian RUBLE	2,169
Fixed income securities	Thailand BAHT	852
Fixed income securities	South African RAN	2,018
Private equity	Euro Currency Unit	14,938
Total		$ 30,690

3. Capital Contributions and Grants

Capital Contributions and Grants Received

Under the Federal Transit Act, as amended, the United States Department of Transportation ("U.S. DOT"), the State and the local governments have approved capital grants aggregating approximately $10.9 billion from inception to June 30, 2021 for the modernization and replacement of existing transportation facilities and the acquisition of transit vehicles. At June 30, 2021, the Authority had incurred costs of approximately $11.2 billion against these grants of which $397.3 million and $479.5 million were incurred in Fiscal Years 2021 and 2020, respectively.

The terms of these grants require, among other things, the Authority to utilize the equipment and facilities for the purpose specified in the grant agreement, maintain these items in operation for a specified time-period, which normally approximates the useful life of the asset, and comply with the equal employment opportunity and affirmative action programs as required by the Federal Transit Act. Failure to comply with these terms may jeopardize future funding and require the Authority to refund a portion of these grants to the U.S. DOT. In management's opinion, the Authority is in substantial compliance with these requirements as of June 30, 2021.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

4. Capital Assets

Capital assets are summarized as follows:

	June 30, 2020	Additions	Reclassifications	Retirements	June 30, 2021
Capital Assets					
Revenue vehicles	$ 3,277,261	$ 135,798	$ 2,388	$ 37,508	$ 3,377,939
Transit facilities, rail, stations & depots	3,767,421	62,487	8,844	-	3,838,752
Track, roadway & signals	3,079,253	88,588	6,708	-	3,174,549
Intangibles	34,984	-	-	-	34,984
Other	781,730	62,250	1,579	27,391	818,168
Total	10,940,649	349,123	19,519	64,899	11,244,392
Construction in progress	469,107	125,016	(19,519)	-	574,604
Total	11,409,756	474,139	-	64,899	11,818,996
Accumulated depreciation					
Property and equipment	6,686,896	433,217	-	64,899	7,055,214
Total	6,686,896	433,217	-	64,899	7,055,214
Capital assets, net	$ 4,722,860	$ 40,922	$ -	$ -	$ 4,763,782

	June 30, 2019	Additions	Reclassifications	Retirements	June 30, 2020
Capital Assets					
Revenue vehicles	$ 3,156,615	$ 138,923	$ 20,317	$ 38,594	$ 3,277,261
Transit facilities, rail, stations & depots	3,613,632	105,949	47,840	-	3,767,421
Track, roadway & signals	2,993,403	60,742	25,108	-	3,079,253
Intangibles	34,839	145	-	-	34,984
Other	749,975	40,868	21,665	30,778	781,730
Total	10,548,464	346,627	114,930	69,372	10,940,649
Construction in progress	452,960	131,077	(114,930)	-	469,107
Total	11,001,424	477,704	-	69,372	11,409,756
Accumulated depreciation					
Property and equipment	6,334,529	421,739	-	69,372	6,686,896
Total	6,334,529	421,739	-	69,372	6,686,896
Capital assets, net	$ 4,666,895	$ 55,965	$ -	$ -	$ 4,722,860

Capital assets are acquired with capital grants, renewal and replacement and other operating funds. Capital assets are stated at cost and depreciation is computed by the straight-line method over the estimated useful lives of the assets. The estimated useful lives are generally 12 to 30 years for revenue vehicles, 30 years for structures, track and roadway, and 4 to 10 years for intangibles, signals, and other equipment. Vehicle overhaul costs are capitalized and depreciated as capital assets over the extended useful lives of the vehicles estimated at 4 or 5 years. Capital assets which are inexhaustible and intangible assets with indefinite useful lives are not subject to depreciation.

As of June 30, 2021, construction in process principally consists of infrastructure improvements and revenue vehicles which will be primarily funded by capital grants.

As of June 30, 2021, the Authority has commitments for various unexpended construction contracts of approximately $330 million and commitments for unexpended revenue vehicle purchases for regional rail cars and buses of approximately $128 million.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

5. Long-Term Debt and Swaps

Long-term debt as of June 30, 2021 and 2020 consists of the following:

Business-Type Activities:	June 30, 2020	Additions	Market Value Change	Payments/ Reductions	June 30, 2021	Due Within One Year
General Obligation Bonds						
Variable Rate Revenue Refunding Bonds, Series of 2007, interest based on 67% of 1-month LIBOR plus 1.05% through 2022	$ 23,625	$ -	$ -	$ 11,525	$ 12,100	$ 12,100
Capital Grants Receipts Bonds, Series 2020, due from June 1, 2021 to June 1, 2032, with annual interest rate of 5%	-	97,230	-	6,020	91,210	6,420
Capital Grants Receipts Revenue Bonds, Series 2011, due in varying amounts through 2029, annual interest rates of 3.125% to 5%	11,070	-	-	11,070	-	-
Revenue Refunding Bonds, Series of 2017, due from 2017 to 2028, with annual interest rate of 5%	59,965	-	-	6,380	53,585	6,700
Revenue Refunding Bonds, Series of 2019, due from 2020 to 2028, with annual interest rate from 3% to 5%	17,720	-	-	1,945	15,775	2,005
Capital Grants Receipts Refunding Bonds, Series 2017, due from 2017 to 2029, with annual interest rate of 5%	99,970	-	-	-	99,970	10,465
Subtotal	212,350	97,230	-	36,940	272,640	37,690
Unamortized bond premium, net of discount	24,062	-	-	4,833	19,229	-
Unamortized bond premium, CGR 2020	-	23,492	-	2,846	20,646	
Swap, Series of 2007	1,266	-	(892)	-	374	-
Total bonds payable	237,678	120,722	(892)	44,619	312,889	37,690
Notes from direct borrowings						
EB-5 Loan, due July 1, 2022 to March 11, 2024 @ 2%	239,500	-	-	-	239,500	-
Energy Saving Company (ESCO) "A" due 2017 to 2033 @ 3.168%	11,163	-	-	778	10,385	800
Energy Saving Company (ESCO) "B" due 2017 to 2026 @ 2.37%	2,666	-	-	421	2,245	423
Energy Saving Company (ESCO) #2 due 2018 to 2034 @ 2.83%	34,572	-	-	1,417	33,155	1,317
Energy Saving Company (ESCO) #4 due from July 2019 to February 2037 @ 2.969%	12,802	-	-	339	12,463	554
Business-type activities long-term obligations	$ 538,381	$ 120,722	$ (892)	$ 47,574	$ 610,637	$ 40,784

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

5. Long-Term Debt and Swaps (Continued)

Business-Type Activities:	June 30, 2019	Additions	Market Value Change	Payments/ Reductions	June 30, 2020	Due Within One Year
General Obligation Bonds						
Variable Rate Revenue Refunding Bonds, Series of 2007, interest based on 67% of 1-month LIBOR plus 1.05% through 2022	$ 34,575	$ -	$ -	$ 10,950	$ 23,625	$ 11,525
Revenue Refunding Bonds, Series of 2010, due in varying amounts through 2028, with annual interest of 3% to 5%	35,750	-	-	35,750	-	-
Capital Grants Receipts Bonds, Series 2011, due in varying amounts through 2029, annual interest rates of 3.125% to 5%	21,665	-	-	10,595	11,070	11,070
Revenue Refunding Bonds, Series of 2017, due from 2017 to 2028, with annual interest rate of 5%	59,965	-	-	-	59,965	6,380
Revenue Refunding Bonds, Series of 2019, due from 2020 to 2028, with annual interest rate from 3% to 5%	-	17,825	-	105	17,720	1,945
Capital Grants Receipts Refunding Bonds, Series 2017, due from 2017 to 2029, with annual interest rate of 5%	99,970	-	-	-	99,970	-
Subtotal	251,925	17,825	-	57,400	212,350	30,920
Unamortized bond premium, net of discount	28,509	2,759	-	7,206	24,062	-
Swap, Series of 2007	2,054		(788)		1,266	-
Total bonds payable	282,488	20,584	(788)	64,606	237,678	30,920
Notes from direct borrowings						
EB-5 Loan, due July 1, 2022 to March 11, 2024 @ 2%	237,000	2,500	-	-	239,500	-
New Payment Technology Loan, annual interest rate of 1.75%	140,000	-	-	140,000	-	-
Energy Saving Company (ESCO) "A" due 2017 to 2033 @ 3.168%	11,910	-	-	747	11,163	777
Energy Saving Company (ESCO) "B" due 2017 to 2026 @ 2.37%	3,074	-	-	408	2,666	421
Energy Saving Company (ESCO) #2 due 2018 to 2034 @ 2.83%	35,958	-	-	1,386	34,572	1,417
Energy Saving Company (ESCO) #4 due from July 2019 to February 2037 @ 2.969%	-	12,802	-	-	12,802	339
Business-type activities long-term obligations	$ 710,430	$ 35,886	$ (788)	$ 207,147	$ 538,381	$ 33,874

5. Long-Term Debt and Swaps (Continued)

Long-Term Debt:

In 1968, the Authority and the City entered into concurrent lease agreements whereby the Authority leased the former Philadelphia Transportation Company owned properties, which the Authority acquired in 1968, to the City and the City leased those properties, as well as certain City-owned transit properties, to the Authority. The agreements provided for the City to make rental payments to the Authority in amounts equal to the debt service (principal and interest) on the Authority's Rental Revenue Bonds which matured during Fiscal Year 2003. Also, the Authority had paid fixed rent to the City in the amounts necessary to meet the debt service on the self-supporting City bonds. The final fixed rent payment was made in 2005 as planned. The Authority was to also pay to the City, out of the net revenues from leased property, cumulative additional rent in amounts equal to the debt service on the Authority's Rental Revenue Bonds and non-cumulative additional rents. The Authority's obligation to meet the cumulative additional rent requirements has been forgiven with the exception of fiscal years 1969, 1970, 1995 through 1998 and fiscal years 2001 through 2003. The Authority has paid the cumulative additional rent for Fiscal Years 1995 and 1996. The Authority had an unrecorded contingent liability, which was discharged under the new lease agreement effective July 1, 2014, for cumulative additional rent for Fiscal Years 1969, 1970, 1997, 1998 and 2001 through 2003 totaling approximately $24.7 million. These leases were to expire when the Authority would make the last payment of fixed rent or cumulative additional rent, or December 31, 2005, whichever would be later.

It had been the Authority's position that the lease and leaseback agreements did not expire on December 31, 2005, but that, in accordance with their terms, the agreements continue in full force and effect, *inter alia*, while cumulative additional rent and debt service on the Authority's bonds remained outstanding. In October 2005, the Authority and the City entered into a standstill agreement by which they agreed that the lease and leaseback agreements would remain in full force and effect during the term of the standstill agreement without waiver, admission, or prejudice to the parties' respective positions. The standstill agreement, initially in effect until December 31, 2007, was subsequently extended for two additional one-year terms which expired December 31, 2009. In December 2009, the standstill agreement was amended to continue on a month-to-month basis unless terminated by either party or upon completion of a master agreement.

On July 15, 2014, the City of Philadelphia (City) and the Authority entered into a new City Transit Division Properties Lease Agreement (Lease Agreement) effective as of July 1, 2014. The new Lease Agreement terminated the existing 1968 lease agreement between the City and the Authority. The Lease Agreement provides that the City will lease to the Authority certain City owned transit properties, including the City owned Suburban Station Concourse property and certain rolling stock, to enable the Authority to continue operating the City Transit Division as part of the SEPTA system. The initial term of the Lease Agreement is for thirty years and expires June 30, 2044. The Lease Agreement provides for automatic extensions of 2-additional terms of fifteen years each unless the Authority provides notice to the City not to renew prior to each extended term. Under the Lease Agreement, the Authority made a nominal fixed rent payment to the City and will be responsible for keeping the City owned transit properties in good operating condition, including alterations and replacements. The Authority will also pay to the City additional rent, an amount equal to forty percent of new sources of net revenues less certain Concourse expenditures generated by the City owned transit properties. Project expenditures incurred to generate the new sources of revenue are permitted to be recovered in full so any unreimbursed project expenditures shall be carried forward to future years until fully recovered. For the Fiscal Year ending June 30, 2021, the Authority has calculated and determined that no additional rent is due to the City under the Lease Agreement.

In February 1999, the Authority issued $262.0 million of Special Revenue Bonds, Series of 1999A ("1999A Bonds") and 1999B ("1999B Refunding Bonds"), due in varying amounts through 2029, with annual interest from 3.25% to 5.25%. The net proceeds of the 1999A Bonds were used to finance a portion of the Market-Frankford Subway-Elevated line vehicle acquisition program; refinance a bridge loan for payment of a portion of the vehicle acquisition program; reimburse the Authority for a portion of the costs of certain capital projects and pay a portion of the premium for a debt service reserve fund insurance policy. The net proceeds of the 1999B Refunding Bonds were used to refund $73.2 million of the 1995A Bonds and pay a portion of the premium for a debt service reserve fund insurance policy. In October 2010, the Authority terminated the 1999 Series Bonds and issued $222.5 million of Revenue Refunding Bonds, Series of 2010 ("2010 Bonds"), due in varying amounts through 2028 with remaining annual interest rates between 3.7% and 5.0%. The proceeds of the 2010 Bonds along with other funds of the Authority were used to refund the Authority's outstanding Special

5. Long-Term Debt and Swaps (Continued)

Long-Term Debt: (Continued)

Revenue Bonds, Series of 1999A and 1999B, fund termination payments in connection with the Swap Agreements relating to the 1999 Bonds, fund accrued amounts payable on the Swap Agreements through the date of termination and fund certain costs and expenses incurred in connection with the issuance of the 2010 Bonds. Excluding the additional debt issued associated with termination of the swap, the net refunding transaction decreased the Authority's debt service payments by $34.5 million and resulted in an economic gain of $23.4 million. This amount represents the difference between the present value of the debt service on the old and new bonds. The Basis Swap in connection with the 1999 Bonds was amended so that it is now associated with the 2010 Bonds.

In March 2007, the Authority issued $131.7 million of Variable Rate Revenue Refunding Bonds, Series of 2007 ("2007 Bonds"), due in varying amounts through 2022. The net proceeds of the 2007 Bonds were used to retire the Authority's outstanding Special Revenue Bonds, Series of 1997 ("1997 Bonds") due in varying amounts through 2022, with annual interest from 4.00% to 5.75% and pay the premium for a debt service reserve fund insurance policy. The net proceeds of the 1997 Bonds were used to reimburse the Authority for a portion of the costs of certain capital projects; refund certain leases entered into by the Authority for a building and related equipment; pay the costs of certain capital projects and pay the premium for a debt service reserve fund insurance policy. On October 5, 2010, in conjunction with the issuance of the 2010 Bonds, the Authority converted the interest rate mode of its 2007 Bonds from a weekly mode to a daily mode based on SIFMA (Securities Industry and Financial Markets Association). On December 20, 2012, the Authority converted the interest rate mode of $98.0 million of its then outstanding principal amount Variable Rate Revenue Refunding Bonds, Series 2007, from a daily mode to an indexed mode. The interest rate on the bonds is now set monthly at a rate equal to 67% of 1-month LIBOR (London Interbank Offered Rate) plus 105 basis points. The converted indexed Variable Rate Revenue Refunding Bonds, Series 2007, may not be converted from an indexed mode to a different mode.

In August 2011, the Authority issued $201.6 million of Capital Grant Receipts Bonds, Series 2011 ("2011 Bonds"), due in varying amounts through 2029 with annual interest rates now ranging from 3.125% to 5.0%. The net proceeds from the sale of the 2011 Capital Grant Receipts Bonds are being used to finance the acquisition of 116 Silverliner V Regional Railcars, finance the rehabilitation of the Wayne Junction Intermodal Facility, fund a deposit to the Debt Service Reserve Fund, and fund certain costs and expenses in connection with the issuance and sale of the 2011 Bonds.

Advanced Refundings:

On October 11, 2017, the Authority issued Revenue Refunding Bonds, Series 2017 ("2017 Bonds"), in the amount of $59.97 million. The principal on these bonds is payable in annual installments ranging from $6.38 million in 2021 to $8.02 million in 2028. Interest on the outstanding principal shall be due semi-annually on March 1 and September 1 of each year, beginning March 1, 2018. The bonds were issued at a premium of $11.91 million and have yields ranging between 1.25% and 2.3%, and bear a 5% interest rate. The proceeds from the sale of the 2017 Bonds in the amount of $71.88 million were used to (a) advance refund a portion of the Authority's Revenue Refunding Bonds, Series of 2010 ("Refunded 2010 Bonds") in the aggregate principal amount of $65.84 million, and (b) fund certain costs and expenses incurred by the Authority in connection with the issuance and sale of the 2017 Bonds. Concurrently with the issuance of the 2017 Bonds, a portion of the proceeds along with other available moneys of the Authority, were irrevocably deposited into an escrow account pursuant to the terms of an Escrow Agreement and invested in Government Obligations, the maturing principal of and interest on which will be sufficient to pay the interest and principal on the Refunded 2010 Bonds as such payments become due. Upon the deposit of the funds for the advance refunding of the Refunded 2010 Bonds pursuant to the terms of the Escrow Agreement, the Refunded 2010 Bonds were deemed to no longer be outstanding under the Indenture. The bonds decreased debt service by $7.93 million and resulted in an economic gain of $7.02 million. The principal balance outstanding on the 2017 bonds as of June 30, 2021 is $53.6 million.

5. Long-Term Debt and Swaps (Continued)

Long-Term Debt: (Continued)

On October 19, 2017, the Authority issued $102.3 million par amount of Capital Grant Receipts Refunding Bonds, CGR Series 2017 (Federal Transit Administration Section 5337 State of Good Repair Formula Program Funds), ("2017 Refunding Bonds"). The 2017 Refunding Bonds are due in varying amounts with maturity dates of June 1, 2018, and June 1, 2022 through and including June 1, 2029. The 2017 Refunding Bonds were issued with a premium of $20.77 million and have yields ranging between 1.20% and 2.51%, and bear a 5% annual interest rate. The proceeds from the sale of the 2017 Refunding Bonds in the amount of $123.07 million, together with other available moneys of the Authority, were used to (a) advance refund a portion of the Authority's Capital Grant Receipts Bonds, Series 2011 (Federal Transit Administration Section 5309 Fixed Guideway Modernization Formula Funds) ("2011 Bonds"), in the aggregate principal amount of $110.45 million, and (b) fund certain costs and expenses incurred by the Authority in connection with the issuance and sale of the 2017 Refunding Bonds. Concurrently with the issuance of the 2017 Refunding Bonds, a portion of the proceeds of the 2017 Refunding Bonds and other moneys of the Authority were irrevocably deposited into an escrow account pursuant to an Escrow Agreement and invested in Government Obligations, the maturing principal of and interest on which will be sufficient to pay the interest and principal on the Refunded 2011 Bonds as such payments become due. Upon the deposit of the funds for the advance refunding of the Refunded 2011 Bonds pursuant to the terms of the Escrow Agreement, the Refunded 2011 Bonds were deemed to no longer be outstanding under the Indenture. The bonds decreased debt service by $14.32 million and resulted in an economic gain of $9.51 million. The principal balance outstanding on the 2017 bonds as of June 30, 2021 is $99.97 million.

On December 5, 2019, the Authority issued $17.825 million of Revenue Refunding Bonds, Series of 2019 ("2019 Refunding Bonds"). The 2019 Refunding Bonds are due in varying amounts with maturity dates of March 1, 2020 through and including March 1, 2028. The 2019 Revenue Refunding Bonds were issued with a premium of $2.76 million and have yields ranging from 1.21% to 1.67%, and bear a 3% to 5% annual interest rate. The proceeds from the sale of the 2019 Revenue Refunding Bonds, were used to (a) current refund a portion of the Authority's Revenue refunding Bonds, Series of 2010, in the aggregate principal amount of $19.84 million, and (b) fund certain costs and expenses incurred by the Authority in connection with the issuance and sale of the 2019 Revenue Refunding Bonds. The bonds decreased debt service by $2.97 million and resulted in an economic gain of $2.79 million. The principal balance outstanding on the bonds as of June 30, 2021 is $15.8 million.

The 2007, 2017 and 2019 Refunding Bonds are secured by dedicated funding received pursuant to Act 44.

In March 2012, the Authority entered into an agreement with PIDC (Philadelphia Industrial Development Corporation) Regional Center for a construction-like loan for an amount not to exceed $175 million to fund the New Payment Technology (NPT) Project. The NPT Project will modernize SEPTA's current fare payment system. There are three loan tranches with terms ranging between five and six years with an interest rate for each loan tranche of 1.75% payable semi-annually on the outstanding loan balance. The first tranche of $35 million was available as of March 29, 2012 and has a term of 5 years. The second tranche for $75 million was available as of February 1, 2013 and has a term of 5.5 years. The third tranche for $65 million was available July 1, 2013 and has a term of 6 years. The Authority drew down $30.6 million in Fiscal Year 2016 and $61.6 million in Fiscal Year 2017. The Authority repaid the first tranche principal amount of $35 million upon maturity on May 30, 2017. The loan was repaid and there is no outstanding balance as of June 30, 2020.

In November 2015, the Authority partnered with Constellation New Energy Inc., a GESA energy saving company (ESCO) to complete an $18.3 million energy saving project, pursuant to the Pennsylvania Guaranteed Energy Saving Act (GESA). To finance the project, the Authority entered into a master equipment lease/purchase agreement with Banc of America Public Capital Corporation. The project includes the replacement of onboard lighting with high efficiency LED technology for the majority of SEPTA's regional rail fleets, and rail transit fleets of the Norristown High Speed Line and the Broad Street Subway and other energy savings improvements. The equipment to be installed will serve to reduce the Authority's energy consumption and the resultant operating savings are guaranteed by the ESCO to equal or exceed the debt service payments throughout the term of the agreement. PennDOT has agreed for the Authority to use Section 1513 operating funds to pay for the capital lease rental payments in lieu of using those same dollars to pay for higher utility expenses. The lease consists of two tranches of debt. The first tranche has a principal amount of $4.2 million and a final maturity of June 1, 2026; the second tranche has a principal amount of $14.0 million and a final maturity of June 1, 2033.

5. Long-Term Debt and Swaps (Continued)

Long-Term Debt: (Continued)

On January 1, 2016, the Authority entered into an EB-5 Loan Agreement with DVRC SEPTA II, LP (Delaware Valley Regional Center, LLC) for an amount not to exceed $300 million at 2% per annum to fund design, development, construction and purchase of materials, equipment and machinery necessary to complete the Elwyn-Wawa Rail Service Restoration, to rehabilitate 15th Street and City Hall Stations, to complete the Substation Rehabilitation Program, and to expand Frazer Yard including the acquisition of Locomotives and Multi-Level Regional Rail Cars. On April 28, 2017, the Authority borrowed $100 million. The loan will mature on July 1, 2022.

On November 1, 2017, the Authority borrowed an additional $90 million. The loan will mature on November 1, 2022. On September 20, 2018, the Authority borrowed an additional $33 million. The loan will mature on September 20, 2023. On March 11, 2019, the Authority borrowed an additional $14 million. The loan will mature on March 11, 2024. On November 15, 2019, the Authority borrowed an additional $2.5 million. The loan will mature on November 15, 2024. The total outstanding balance is $239.5 million as of June 30, 2021.

In November 2016, the Authority entered into a master equipment lease/purchase agreement with PNC Equipment Finance LLC for up to $37.9 million due in varying amounts through March 30, 2034 with an annual nominal interest rate of 2.83%. The equipment to be leased/purchased will include the installation of various energy conservation measures through a third-party agreement which will also serve to reduce the Authority's energy consumption and operating expenses. The measures to be taken include the construction of a Combined Heat and Power Plant ("CHP") that will provide electricity to the Wayne Junction substation and Midvale bus maintenance facility, the installation of interior and exterior LED lighting upgrades to certain Authority owned buildings, and other work to conserve energy. The resultant operating savings are guaranteed by the ESCO to equal or exceed the debt service payments and other yearly costs associated with the projects throughout the term of the agreement. PennDOT has agreed for the Authority to use Section 1513 operating funds to pay for the capital lease rental payments in lieu of using those same dollars to pay for higher utility expenses. The total outstanding balance is $33.2 million as of June 30, 2021.

On July 30, 2019, the Authority partnered with Constellation New Energy Inc., a GESA energy saving company (ESCO) to complete a $12.8 million energy saving project, pursuant to the Pennsylvania Guaranteed Energy Saving Act (GESA). To finance the project, the Authority entered into a Master Equipment Lease/ Purchase Agreement (the "Agreement") with Banc of America Public Capital Corporation, due in varying amounts through February 1, 2037 with an annual nominal interest rate of 2.969%. The equipment to be leased/ purchased will include the installation of various energy conservation measures through a third-party agreement which will serve to reduce the Authority's energy consumption and operating expenses. The measures to be taken include programmable doorframe retrofit kits; lighting wireless wall dimers; envelope improvements (weatherstripping, door sweeps, window film, caulking); EMCS upgrades (DDC controls); natural gas steam boiler plant; water conservation (aerators, toilets, urinals); cooling tower refurbishment and water submeter; generator improvement (heat pump); electric submetering; VFD/induction pumps; air handler improvements; destratification fans; computer plug load controllers/PC power management; electric window shades at the Authority's Headquarters on 1234 Market Street. The equipment to be installed will serve to reduce the Authority's energy consumption and the resultant operating savings are guaranteed by the ESCO to equal or exceed the debt service payments throughout the term of the agreement. PennDOT has agreed for the Authority to use Section 1513 operating funds to pay for the capital lease rental payments in lieu of using those same dollars to pay for higher utility expenses. As of June 30, 2021, the outstanding balance is $12.5 million.

On July 29, 2020, the Authority issued $97.23 million of Capital Grant Receipt Revenue Bonds, Series 2020. The "2020 CGR Bonds" are due in varying amounts with maturity dates of June 1, 2021 through and including June 1, 2032. The Bonds were issued with a premium of $23.49 million and have yields ranging from 0.41% to 1.43% and bear a 5% annual interest rate. The proceeds from the sale of the 2020 CGR Bonds in the amount of $120.72 million, together with other available moneys of the Authority, were used to finance the acquisition of approximately 140 diesel-electric hybrid buses and related project costs as well as payment of the cost of issuance of the 2020 CGR Bonds.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

5. Long-Term Debt and Swaps (Continued)

Long-Term Debt: (Continued)

At June 30, 2021, the aggregate debt service requirements of business type activities of the Authority's debt and net payments on its related effective hedging derivative instrument are as follows:

	Business Type Activities				
	Bonds			Notes from Direct Borrowings	
	Principal	Interest	Hedging Derivative, Net	Principal	Interest
2022	$ 37,690	$ 13,077	$ 565	$ 3,094	$ 6,467
2023	26,845	11,727	-	193,733	3,496
2024	28,180	10,405	-	50,767	1,949
2025	29,585	8,996	-	6,598	1,394
2026	31,060	7,517	-	3,960	1,254
2027-2031	108,825	15,496	-	21,576	4,497
2032-2036	10,455	522	-	16,977	1,212
2037-2041	-	-	-	1,043	23
Total	$ 272,640	$ 67,740	$ 565	$ 297,748	$ 20,292

The above amounts assume that current interest rates on the 2007 Variable Rate Refunding Bonds, which was 1.1120% as of June 30, 2021 and the current reference rates on its related hedging (effective) derivative instrument will remain the same for their term. As rates vary, interest payments on the variable rate refunding bonds and receipts on the hedging derivative instrument will vary.

Swaps:

In March 2003, the Authority entered into a swaption agreement with Merrill Lynch Capital Services, Inc. (now Bank of America, NA, the “Counterparty”), related to its $131.7 million Special Revenue Bonds, Series 1997, that provided the Authority an up-front payment of $8.1 million. The swaption provided the Counterparty an option to obligate the Authority to enter into a pay-fixed, receive-variable interest rate swap at a future date. On March 1, 2007 the option associated with the Special Revenue Bonds, Series 1997 was exercised by the Counterparty, the bonds were called, and the Authority then issued Variable Rate Revenue Refunding Bonds, Series 2007. Concurrently, the Authority entered into a pay-fixed receive variable interest rate swap with the Counterparty. On December 20, 2012, the Authority converted the Variable Rate Revenue Bonds, Series 2007 from a daily rate interest mode to an indexed mode. The swap, now associated with the converted indexed Variable Rate Revenue Refunding Bonds, Series 2007, has a March 1, 2022 termination date, and a notional amount of $12.1 million as of June 30, 2021.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

5. Long-Term Debt and Swaps (Continued)

Swaps: (Continued)

In March 2003, the Authority also entered into a swaption agreement with Merrill Lynch Capital Services, Inc. (now Bank of America, NA) and Salomon Brothers (now Citibank, NA), collectively, the “Counterparties”, related to its 1999 Special Revenue Bonds (the “Underlying Swap Agreement”). On December 29, 2005, the Authority restructured the Underlying Swap Agreement associated with its Special Revenue Bonds, Series 1999 with the Counterparties by converting the variable receive rate from 67% of one-month LIBOR, to the SIFMA Index, to reduce the likelihood the swaption would be exercised. To pay for the conversion, the Authority simultaneously entered into an off-market swap with Bank of America, NA (the “Basis Swap Agreement”), whereby the Authority agreed to pay the SIFMA Index rate and receive 67% of 3-month LIBOR plus 13.52 basis points, and an upfront payment equivalent to the Basis Swap Agreement conversion cost. In October 2010, the Authority refunded the Special Revenue Bonds, Series 1999, and issued the Revenue Refunding Bonds, Series 2010. The Underlying Swap Agreement and the Basis Swap Agreement was amended on substantially the same terms, but is now associated with the Series 2010 Bonds, with a termination date of March 1, 2028. On March 2, 2021, the Authority terminated the Basis Swap and received a payment of $372 from the counterparty.

As of June 30, 2021, the Authority had the following derivative instrument outstanding:

	Notional	Fair Value		Changes in Fair Value	
	Amount	Classification	Amount	Classification	Amount
Business-type activities:					
Cash flow hedge:					
A. Pay-fixed interest rate swap	$ 12,100	Debt	$ 374	Deferred outflow	$ 892

Derivative Instrument Types

The cash flow hedge (derivative instrument A) associated with the 2007 series bond as of June 30, 2021 was evaluated to be effective using the regression analysis method. This method measures the statistical relationship between changes in the fair value or cash flows of the potential hedging derivative and the hedgeable item. For the potential hedging derivative instrument evaluated using regression analysis to be considered effective, the analysis must meet the following 3-criteria: an R-squared of at least 0.80, an F-statistic that indicates statistical significance at the 95 percent confidence interval, and a regression coefficient for the slope between -1.25 and -0.80.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

5. Long-Term Debt and Swaps (Continued)

Swaps: (Continued)

Hedging Derivative Instrument – Objective and Terms:

The objectives and terms of the Authority's cash flow hedging derivative instrument outstanding at June 30, 2021 and the counterparty credit rating of Bank of America, NA is as follows:

Instrument	Derivative Type	Counterparty Credit Rating	Objective	Notional Amount	Effective Date	Termination Date	Terms
A	Pay-fixed interest rate swap	Aa2/A+/AA	Hedge changes in cash flows on the 2007 Variable Rate Refunding Bonds	$12,100	3/1/2007	3/1/2022	Receive 67% of 1-month LIBOR;pay 4.706% fixed

Fair Value

As of June 30, 2021, the swap associated with 2007 series bonds had a negative fair value of $374 thousand. The fair value was estimated using the zero-coupon method. This method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swaps. The fair values are determined by using Level 2 observable inputs.

Rollover Risk

The Authority is exposed to rollover risk on hedging derivative instruments that are hedges of debt that may be terminated prior to maturity of the hedged debt. If these hedges were to be terminated prior to maturity of the debt, the Authority would be exposed to the risks being hedged by the derivative instrument.

Credit Risk

As of June 30, 2021, the Authority was not exposed to credit risk, or the risk of economic loss due to counterparty default of its outstanding swap, because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would be exposed to credit risk in the amount of the derivative's fair value. As of June 30, 2021, the counterparty for the Authority's swap was Bank of America, NA which had a counterparty rating previously indicated in the terms for instrument A as rated by Moody's Investors Services, Standard & Poor's and Fitch, respectively. The swap agreement contains varying collateral agreements with the counterparty. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds.

5. Long-Term Debt and Swaps (Continued)

Swaps: (Continued)

Termination Risk

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contract. If the swap is terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination, the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Line of Credit

During Fiscal Year 2021, the Authority repaid $135 million that was outstanding on the two lines of credit. On May 1, 2021, the Authority merged two lines of unsecured credit, each amounting to $100 million, to a single unsecure line of credit of $200 million with PNC Bank., with an expiration date of April 30, 2022. Interest on amounts outstanding is due on the first day of each month at the Daily LIBOR rate plus seventy basis points (0.70%), currently at 0.800% as of June 30, 2021. There was $60 million in borrowings on the line, and no repayments for the year ended June 30, 2021. As of June 30, 2021, the balance available on the line of credit is $140 million.

There is an Unused Fee due on each anniversary date equal to a rate per annum of fifteen basis points (0.15%) on the loan expiring April 30, 2022 on the average daily amount of the Unused Revolving Line of Credit. However, an Unused Fee of ten basis points (0.10%) shall be due for such period if the average unused amount is equal to or less than 50% of the amount of the revolving line of credit at the beginning of the period. The Unused Fee accrues on the date of the agreement and shall cease to accrue on the expiration date.

6. Leases and Other Liabilities

Leased property consists primarily of transit properties and equipment. Leased transit properties related to long-term debt obligations are described in Note 5. The leased properties, described within this note, are lease/leaseback agreements and operating leases.

Lease/leaseback Agreements

During Fiscal Year 2002, the Authority entered into a head lease agreement to lease for approximately 28 years 219 rail cars that are currently in service on the Market-Frankford subway-elevated line, and simultaneously lease the vehicles back. The Authority received prepayments under the head lease of $336.1 million, of which it paid $269.9 million to two debt payment undertakers to defease rents payable under the debt portion of the agreement, $41.6 million to the equity payment undertaker to defease rents payable under the equity portion of the agreement, and $3.2 million in transaction expenses. The rental obligations under the lease/leaseback, except for $29.4 million as of June 30, 2021, are considered to be defeased in substance and therefore the related debt, as well as the trust assets, are excluded from the Authority's financial statements. The proceeds, net of expenses, from the transaction of $21.4 million were used, starting in Fiscal Year 2007, as reimbursement of state share on capital grants, which use has been approved by the Federal Transit Administration. The leaseback includes a purchase option, which upon exercise, will be funded in installments from funds used to defease the debt during the period from January 2, 2030 through December 15, 2030, that will allow the Authority to buy out the equity investor's remaining rights under the agreement, thereby terminating the entire transaction. In December 2008, the Authority terminated its lease debt and equity payment undertaking agreements with the payment

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

6. Leases and Other Liabilities (Continued)

Lease/leaseback Agreements (Continued)

undertaker and received $89.9 million upon termination. Of this amount, the Authority deposited $75.2 million with a trustee and U.S. Treasury Securities were purchased to defease the remaining lease payments under the Equity Payment Undertaking Agreement (EPUA). The securities purchased are scheduled to mature in amounts and on dates required to make the lease payments. The remaining $14.7 million was restricted and invested to satisfy payments due under the Supplemental Payment Undertaking Agreement (SPUA). In July 2009, SEPTA paid an additional $6.5 million to Wachovia Bank (now Wells Fargo) for a waiver of certain requirements in connection with its railcar lease.

Operating Leases

The Authority leases track, equipment, facilities, utility vehicles and certain software for its demand response services with leases expiring at various dates. Lease and rental expenses totaled $52.9 million and $65.2 million for Fiscal Years 2021 and 2020, respectively.

Other Liabilities

In Fiscal Year 2012, the Authority received two settlements of $8.0 million and $6.3 million related to work performed in previous years on the Market-Frankford Elevated Project. The Authority has received insurance refunds and proceeds from certain scrap sales of $875 thousand, $2.0 million, $2.0 million, $2.4 million and $2.7 million in Fiscal Years 2019, 2018, 2017, 2015 and 2014, respectively. The Federal Transit Administration (FTA) has approved the Authority's request to use proceeds of $8.0 million toward the renovation of Dilworth Plaza and $9.7 million toward the repair of the Market-Frankford Elevated haunch failures. As of June 30, 2016 Dilworth Plaza was completed and the $8.0 million was fully expended.

In Fiscal Year 2016, the Authority entered into the Federal Equitable Sharing Agreement with the Department of Justice. Under this Equitable Sharing Program the Authority received $54 thousand. Per the agreement, the funds must be used for law enforcement purposes only. As of June 30, 2021 the balance of these funds is $42 thousand.

In the Fiscal Year 2018, SEPTA became the new fiscal agent for the Pennsylvania Unified Certification Program. Under this Program the Authority received $274 thousand. Per the agreement the funds must be used for certification decisions on behalf of all agencies and organizations in the Commonwealth with respect to participation in the DBE Program. As of June 30, 2021 the balance of these funds is $62 thousand.

Available proceeds included in other liabilities as of June 30, 2021, include $3.1 million for the repair of the Market-Frankford Elevated haunch failures, $75.6 thousand unamortized swaption proceeds, $42 thousand from the Equitable Sharing Program, and $62 thousand in the Pennsylvania Unified Certification Program (PA UCP) fund.

Other Liabilities	Beginning Balance	Additions	Reductions	Investment Earnings	Ending Balance
2021	$ 4,235	$ 1,166	$ (2,121)	$ 1	$ 3,281
2020	$ 5,568	$ 93	$ (1,497)	$ 71	$ 4,235

7. Pension Plans

General Information about the Pension Plans

Plan Descriptions

The Authority maintains five trusteed, single-employer, defined benefit pension plans covering substantially all of its full-time employees, other than regional rail union employees, and the plans are administered by the Pension Board and the Authority's Human Resources Department. The Pension Board consists of six members. Regional rail union employees are covered under pension provisions of the Railroad Retirement Act. Administrative costs of all pension plans are financed through the plan' investment earnings. The Authority does not issue separate financial reports for the Plans. The Authority's five single-employer pension plans are as follows:

Retirement Plan for Supervisory, Administrative and Management Employees (SAM)

This plan covers all regular full-time non-bargaining employees immediately upon date of hire. Effective July 1, 1994 career part-time, job-sharer or co-op (until September 1, 2007) employees are covered provided they work 1,040 hours per year (975 hours prior to January 1, 1995 for career part-time and job-sharer employees).

Retirement Plan for Transit Police (TP)

This plan covers full-time employees who are members of the transit police bargaining unit. Employees become members of this plan on the first day of the month following the date they have become a full-time employee.

Retirement Plan for City Transit Division (CTD)

This plan covers full-time City Transit employees who are members of the TWU Local 234 or IBT Local 500. Employees become members of this plan on the July 1 following completion of six months of employment.

Retirement Plan for the Suburban Transit Division (STD)

This plan covers full-time employees of the Suburban Transit Division (previously referred to as Red Arrow Division) who are members of the TWU Local 234 or UTU Local 1594. Employees become members of this plan on the July 1 following completion of six months of employment.

Retirement Plan for the Frontier Division (FD)

This plan covers full-time employees of the Frontier Division who are members of the TWU Local 234. Employees become members of this plan on the July 1 following employment.

Benefits Provided

The SEPTA Board has the authority to establish and amend benefit provisions to each of the pension plans; however, the plans for Transit Police and certain Bargaining Employees - CTD, STD and FD - are based on the respective union bargaining agreement in effect at the time of retirement.

A bargaining unit employee (except for transit police) may retire with an unreduced pension benefit at age 62 with completion of 5 years of credited service or with 30 years of credited service with no restriction on age. A transit police employee may retire with an unreduced pension benefit at age 50 with completion of 25 years of credited service, and a SAM employee may retire with an unreduced pension benefit at age 62 with completion of at least 5 years of credited service or age 55 with 30 years of credited service, if hired prior to August 1, 2015. For a SAM employee hired after August 1, 2015 a SAM employee may retire at the age of 65 and completion of at least 10 years of credited service or the age of 60 and completion of at least 30 years of credited service.

The investment return assumption was decreased from 7.0% to 6.75% in 2018, and from 6.75% to 6.50% in 2021. The postretirement mortality assumptions has been modified to 102% of the RP-2006 Healthy Annuitant mortality table. Mortality improvements both before and after the measurement date use a 60-year average of Social Security data from 1955 to 2015 using a generational approach. This change slightly decreased the expected number of deaths for retirees. In addition, changes were made to the disability mortality and the preretirement mortality assumptions. The December 27, 2018 study also proposed changes to the form of payment election assumption and the marriage assumption for

7. Pension Plans (Continued)

Benefits Provided (Continued)

female members. Upon retirement, 50% of male members and 15% of female members are assumed to elect a joint and survivor annuity. (Previously all members were assumed to elect a single life annuity.) The marriage assumption for female members was reduced from 80% to 50% (male members remained at 80%).

During Fiscal Year 2017, the following modifications were made for certain bargaining employees of the City Transit Division, the Frontier Division, and the Suburban Transit Division. The required contributions for employees were changed from a percentage of compensation to $50 per week. The calculation of retirement benefits was changed from percentages of compensation or annual wage rates to the sum of $94 per month for each year of credited service accrued up to November 28, 2016 for TWU; December 15, 2016 for SMART; and February 23, 2017 for IBT employees; and $100 per month for each year of credited service after those dates. A new benefit option has been added to these plans, permitting members to receive an actuarially equivalent benefit that is payable for the member's life, with a guarantee of at least 10 years of benefit payments. If the member does not receive 10 years of payments before death, the member's beneficiary receives the balance of 10 years of payments. The average annual compensation for the Transit Police Plan is the greater of the average of compensation earned during the 3 years preceding retirement or termination or the average of the annual rate of basic compensation for the 3 years preceding retirement or termination. A City Transit, Suburban Transit, and Frontier plans employee may retire early upon completion of 25 years of continuous service. The normal retirement benefit is reduced by 4% for each year that the early retirement date precedes age 62.

Effective for retirements on or after July 1, 2015 a SAM employee's normal benefit is 1.8% of average annual compensation for each year of credited service up to 10 years; plus 2.0% of average annual compensation for each year of credited service in excess of 10 years up to 20 years; plus 2.2% of average annual compensation for each year of credited service in excess of 20 years up to 30 years; plus 1.8% of average annual compensation for each year of credited service in excess of 30 years. For SAM employees hired on or after August 1, 2015 the basic plan benefit is 1.6% of average annual compensation for each year of credited service. There is an enhanced plan benefit that amounts to 1.8% of average annual compensation for each year of credited service up to 10 years plus, 2.0% of average annual compensation for each year of credited service in excess of 10 years up to 20 years; plus, 2.2% of average annual compensation for each year of credited service in excess of 20 years up to 30 years; plus, 1.8% of average annual compensation for each year of credited service in excess of 30 years. For SAM employees, for the new formula benefit accrued after December 31, 2015 in determining the grandfathered benefit, a three-year average of the employee's annual salary rate on the day before retirement date and the same date for the two years prior. Any increases received within 90 days of termination are excluded. For service, accrued as of December 31, 2015 in determining the grandfathered benefit, the employee's compensation during the last 36 months of employment prior to retirement (or December 31, 2015 if earlier) divided by three. For members of SAM as of December 31, 2015 (excluding members who were hired prior to December 31, 2015, but transfer into SAM after December 31, 2015), the minimum benefit is based on the prior benefit formula (1.8% of average annual compensation for each year of credited service in excess of 30 years plus 1% of average annual compensation per year of credited service in excess of 30 years) determined as of December 31, 2015 (or date of termination if earlier) plus the new formula for service accrued after December 31, 2015 reflecting the revised definition of average annual compensation. A SAM employee may retire early either at age 55 with completion of 10 years of credited service or upon completion of 25 years of credited service. The normal retirement benefit is reduced by 4% for each year that the early retirement date precedes age 62 for employees hired before August 1, 2015. For SAM employees hired after August 1, 2015 the normal retirement benefit is reduced by 4% for each year that the early retirement date precedes age 65. A Transit Police employee's retirement benefit is based on 53.5% of average annual compensation, plus an additional annual benefit of $1,200 if at least one year of service is accrued in excess of 25 years.

Death benefits for an active SAM participant who dies with a surviving spouse are equal to the benefit that would have been payable had the participant terminated on his date of death and retired on the later of date of death or age 55 with a 50% contingent annuity. This benefit is payable at the employee's age of 55 or date of death if later, reduced if payment commences prior to normal retirement date.

7. Pension Plans (Continued)

Benefits Provided (Continued)

Transit Police employees are entitled to receive disability benefits for total and permanent disability if they are under the age of 50. The disability benefit equals the normal retirement benefit assuming level compensation and continued vesting and benefit service until the age of 50. The disability benefit is payable at age 50. Death benefits for an active participant who dies with a surviving spouse are equal to the benefit that would have been payable had the participant terminated on his date of death and retired on his normal retirement date with a 50% contingent annuity. This amount is payable at the spouse's attainment of age 65. If the employee was eligible for normal retirement at death, the amount is payable immediately. Active employees who die in the line of duty and leave a surviving spouse receive the benefit that would have been paid to the participant had he or she attained his normal retirement age at the time of his or her death. This benefit is payable immediately to the surviving spouse with no reduction for early commencement.

City Transit employees can receive disability pension benefits for total and permanent disability if they have completed 15 years of continuous service. The disability pension benefit equals $500 per month payable immediately for life. A City Transit employee can receive disability severance benefits for total and permanent disability if he or she has completed at least one year of continuous service. The disability severance benefit equals a lump sum payment of $100 for each year of continuous service. Death benefits for an active participant who dies with a surviving spouse are equal to the benefit that would have been payable had the participant terminated on his date of death and retired on his normal retirement date with a 50% contingent annuity. This benefit is payable at the spouse's attainment of age 65 or on a reduced basis if paid between the ages of 55 and 64. Alternatively, if the employee was eligible for normal retirement at death, the amount is payable immediately, at the normal benefit or reduced benefit if at early retirement. A Suburban Transit employee can receive disability benefits for total and permanent disability. The disability benefits are equal to a monthly benefit of $8 or $10 for TWU Local 234 or UTU Local 1594, respectively, for each year of continuous service if the employee has completed at least 5 years of continuous service. The disability benefit equals $500 per month payable immediately for life if the employee has completed at least 15 years of continuous service. A UTU Local 1594 employee who has completed at least 15 years of continuous service has the option to choose a lump sum payment equal to $25 for each year of continuous service for total and permanent disability. Death benefits for an active participant who dies with a surviving spouse are equal to the benefit that would have been payable had the participant terminated on his date of death and retired on his normal retirement date with a 50% contingent annuity. This benefit is payable at the spouse's attainment of age 65 or on a reduced basis if paid between the ages of 55 and 64. Alternatively, if the employee was eligible for normal retirement at death, the amount is payable immediately, at the normal benefit or reduced benefit if at early retirement.

Frontier Division employees can receive disability pension benefits for total and permanent disability if he or she has completed 15 years of continuous service. The disability pension benefit equals $500 per month payable immediately for life. A Frontier Division employee can receive disability severance benefits for total and permanent disability if he or she has completed at least one year of continuous service. The disability severance benefit equals a lump sum payment of $100 for each year of continuous service. Death benefits for an active participant who dies with a surviving spouse are equal to the benefit that would have been payable had the participant terminated on his date of death and retired on his normal retirement date with a 50% contingent annuity. This benefit is payable at the spouse's attainment of age 65 or on a reduced basis if paid between the ages of 55 and 64. Alternatively, if the employee was eligible for normal retirement at death, the amount is payable immediately, at the normal benefit or reduced benefit if at early retirement. All employees vest after five years of continuous service. A plan member who leaves employment may withdraw his or her contributions, plus any accumulated interest.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Employees Covered by Benefit Terms

At January 1, 2019, the date of the actuarial valuation that was used to determine the Authority's total pension liability as of June 30, 2020, the following employees were covered by the benefit terms:

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Inactive employees or beneficiaries Currently receiving benefits	2,034	95	3,483	266	55	5,933
Inactive employees entitled to but not yet receiving benefits	377	48	663	114	30	1,232
Active employees	1,861	191	4,978	566	225	7,821
Total	4,272	334	9,124	946	310	14,986

At January 1, 2018, the date of the actuarial valuation that was used to determine the Authority's total pension liability as of June 30, 2019, the following employees were covered by the benefit terms:

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Inactive employees or beneficiaries Currently receiving benefits	1,966	87	3,361	257	50	5,721
Inactive employees entitled to but not yet receiving benefits	373	52	690	116	36	1,267
Active employees	1,832	211	5,017	568	228	7,856
Total	4,171	350	9,068	941	314	14,844

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Contributions

The Authority's Board establishes and may amend the employer contribution requirements. While there is no statutory or regulatory contribution requirement, the Authority's policy provides employer contributions for all plans based on actuarially determined rates recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The Authority may amend the contribution requirements of SAM Plan members. The contribution requirements for all other plans are based on the respective union agreements in effect during the period of employment.

The Authority and plan members' contribution rates of annual covered payroll for each plan as of June 30, 2021 are as follows:

Contribution rates:	SAM	Transit Police	City Transit	Suburban Transit	Frontier
SEPTA	35.20%	27.00%	17.90%	14.90%	4.40%
Plan members	*	3.85%	$50/pay	$50/pay	$50/pay
SEPTA Contributions	$ 51,738	$ 3,756	$ 52,061	$ 4,837	$ 535

The Authority and plan members' contribution rates of annual covered payroll for each plan as of June 30, 2020 are as follows:

Contribution rates:	SAM	Transit Police	City Transit	Suburban Transit	Frontier
SEPTA	34.90%	24.40%	18.30%	15.10%	5.50%
Plan members	*	3.85%	$50/pay	$50/pay	$50/pay
SEPTA Contributions	$ 49,025	$ 3,521	$ 52,860	$ 4,784	$ 675

* For members hired prior to August 1, 2015, 0.9% of pay up to Social Security covered compensation plus 1.1% of pay in excess of Social Security covered compensation from July 1, 2015 through December 1, 2015 and 2.5% of the annual salary rate thereafter.

Net Pension Liability

The Authority's Fiscal Year 2021 net pension liability was measured as of June 30, 2020 ("measurement date"). The total pension liability was determined by the use of updated procedures to roll forward the pension plan's actuarial valuation dated January 1, 2019 to the measurement date. The Authority's Fiscal Year 2020 net pension liability was measured as of June 30, 2019. The total pension liability was determined by the use of update procedures to roll forward the pension plan's actuarial valuation dated January 1, 2018 to the measurement date.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Actuarial Assumptions

The Fiscal Year 2021 total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SAM	Transit Police	City Transit	Suburban Transit	Frontier
Investment rate of return[1]	6.50%	6.50%	6.50%	6.50%	6.50%
Salary increases, including inflation	3.25%	[2]	[2]	[2]	[2]
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%

[1] Interest is net of investment-related expenses.

[2] Salary scale rates vary by years of service, for actuarial valuation purposes .5% plus inflation

Mortality rates for all of the plans were based on the RP-2006 Employee Mortality Table for Males and Females for Preretirement, the RP-2006 Healthy Annuitant Mortality Table for Males and Females for beneficiaries, and the RP-2006 Disabled Annuitant Mortality Table for Males and Females for disabled beneficiaries, as appropriate, with adjustments for mortality improvements equal to the 60-year average of Social Security data from 1955 to 2015. The mortality rates for the Transit Police Plan, City Transit Plan, Suburban Transit Plan, and the Frontier Plan include Blue Collar adjustments for Preretirement and Postretirement healthy lives. No Blue Collar adjustments were made for disabled beneficiaries.

The actuarial assumptions that determined the pension liability as of June 30, 2020 were based upon the results of an actuarial experience study, dated March 26, 2015 for the period ending from January 1, 2007 through December 31, 2013, and a mortality study dated December 27, 2018 covering the period from January 1, 2011 to December 31, 2016.

The Fiscal Year 2020 total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SAM	Transit Police	City Transit	Suburban Transit	Frontier
Investment rate of return[1]	6.75%	6.75%	6.75%	6.75%	6.75%
Salary increases, including inflation	3.25%	[2]	[2]	[2]	[2]
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%

[1] Interest is net of investment-related expenses.

[2] Salary scale rates vary by years of service, for actuarial valuation purposes .5% plus inflation.

7. Pension Plans (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables: (Note that the target allocation and long-term expected real rate of return percentages are the same for all five plans.)

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Allocations for June 30, 2021:		
US Cash	2.07%	-0.52%
US Core Fixed Income	15.78%	0.62%
US High Yield Bonds	2.53%	3.56%
US Large Caps	0.40%	4.53%
Non-US Bonds	2.14%	0.20%
US Equity Market	23.31%	4.84%
US Small Caps	3.29%	6.20%
US Large Growth	3.80%	4.90%
US Large Value	3.76%	4.86%
US Small Growth	3.76%	6.70%
Non-US Equity	13.45%	6.54%
Foreign Developed Equity	3.29%	6.39%
Emerging Markets Equity	1.68%	8.45%
Private Real Estate Property	6.89%	3.60%
Timber	1.09%	3.75%
Private Equity	5.07%	9.65%
Commodities	1.72%	2.67%
Hedge Funds - MultiStrategy	3.66%	3.16%
Hedge Funds - Distressed	2.31%	3.10%
Total	100.00%	
Allocations for June 30, 2020:		
US Cash	2.53%	0.67%
US Core Fixed Income	10.04%	1.69%
US High Yield Bonds	3.13%	3.90%
Global Bonds	3.00%	0.30%
Non-US Bonds	2.11%	0.02%
US Equity Market	22.98%	4.73%
US Small Caps	3.76%	5.82%
US Large Growth	3.12%	5.01%
US Large Value	4.28%	4.46%
US Small Growth	3.65%	6.55%
Non-US Equity	15.67%	6.34%
Foreign Developed Equity	3.42%	6.14%
Emerging Markets Equity	1.73%	8.35%
Private Real Estate Property	5.19%	3.71%
Timber	1.06%	3.86%
Private Equity	5.03%	9.66%
Commodities	1.77%	2.72%
Hedge Funds - MultiStrategy	4.72%	3.23%
Hedge Funds - Distressed	2.81%	3.23%
Total	100.00%	

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability for the five plans was 6.50% for June 30, 2020 and 6.75% for June 30, 2019 measurement dates. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that SEPTA contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Fiscal Year 2021 Net Pension Liability

SAM Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 1,010,459	$ 650,459	$ 360,000
Changes for the year:			
Service cost	13,843	-	13,843
Interest	67,219	-	67,219
Effect of plan changes	-	-	-
Effect of economic/demographic gains or (losses)	19,442	-	19,442
Effect of assumptions changes or inputs	27,443	-	27,443
Contributions - employer	-	49,025	(49,025)
Contributions - employee	-	4,714	(4,714)
Net investment income	-	16,986	(16,986)
Benefit payments	(57,882)	(57,882)	-
Administrative expense	-	(270)	270
Other changes	-	1,622	(1,622)
Net changes	70,065	14,195	55,870
Balances as of end of year	$ 1,080,524	$ 664,654	$ 415,870
Fiduciary Net Position as a percentage of the total pension liability			61.5%

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Changes in the Fiscal Year 2020 Net Pension Liability

SAM Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 984,554	$ 617,292	$ 367,262
Changes for the year:			
Service cost	13,318	-	13,318
Interest	65,572	-	65,572
Effect of plan changes	-	-	-
Effect of economic/demographic gains or (losses)	741	-	741
Effect of assumptions changes or inputs	-	-	-
Contributions - employer	-	45,390	(45,390)
Contributions - employee	-	4,754	(4,754)
Net investment income	-	36,566	(36,566)
Benefit payments	(53,726)	(53,726)	-
Administrative expense	-	(310)	310
Other changes	-	493	(493)
Net changes	25,905	33,167	(7,262)
Balances as of end of year	$ 1,010,459	$ 650,459	$ 360,000
Fiduciary Net Position as a percentage of the total pension liability			64.4%

Changes in the Fiscal Year 2021 Net Pension Liability

Transit Police Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 66,014	$ 42,055	$ 23,959
Changes for the year:			
Service cost	1,469	-	1,469
Interest	4,429	-	4,429
Effect of economic/demographic gains or (losses)	2,368	-	2,368
Effect of assumption changes or inputs	2,101	-	2,101
Contributions - employer	-	3,522	(3,522)
Contributions - employee	-	611	(611)
Net investment income	-	1,103	(1,103)
Benefit payments	(3,802)	(3,802)	-
Administrative expense	-	(18)	18
Other changes	-	134	(134)
Net changes	6,565	1,550	5,015
Balances as of end of year	$ 72,579	$ 43,605	$ 28,974
Fiduciary Net Position as a percentage of the total pension liability			60.1%

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Changes in the Fiscal Year 2020 Net Pension Liability

Transit Police Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 59,401	$ 40,297	$ 19,104
Changes for the year:			
Service cost	1,488	-	1,488
Interest	3,995	-	3,995
Effect of economic/demographic gains or (losses)	4,592	-	4,592
Effect of assumption changes or inputs	-	-	-
Contributions - employer	-	2,401	(2,401)
Contributions - employee	-	569	(569)
Net investment income	-	2,369	(2,369)
Benefit payments	(3,462)	(3,462)	-
Administrative expense	-	(21)	21
Other changes	-	(98)	98
Net changes	6,613	1,758	4,855
Balances as of end of year	$ 66,014	$ 42,055	$ 23,959
Fiduciary Net Position as a percentage of the total pension liability			63.7%

Changes in the Fiscal Year 2021 Net Pension Liability

City Transit Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 1,176,697	$ 707,106	$ 469,591
Changes for the year:			
Service cost	20,878	-	20,878
Interest	78,439	-	78,439
Effect of plan changes	-	-	-
Effect of economic/demographic gains or (losses)	(9,630)	-	(9,630)
Effect of assumptions changes or inputs	30,191	-	30,191
Contributions - employer	-	52,860	(52,860)
Contributions - employee	-	13,111	(13,111)
Net investment income	-	18,314	(18,314)
Benefit payments	(72,215)	(72,215)	-
Administrative expense	-	(301)	301
Other changes	-	(1,334)	1,334
Net changes	47,663	10,435	37,228
Balances as of end of year	$ 1,224,360	$ 717,541	$ 506,819
Fiduciary Net Position as a percentage of the total pension liability			58.6%

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Changes in the Fiscal Year 2020 Net Pension Liability

City Transit Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 1,149,571	$ 669,517	$ 480,054
Changes for the year:			
Service cost	20,827	-	20,827
Interest	76,742	-	76,742
Effect of plan changes	-	-	-
Effect of economic/demographic gains or (losses)	(2,369)	-	(2,369)
Effect of assumptions changes or inputs	-	-	-
Contributions - employer	-	53,739	(53,739)
Contributions - employee	-	12,935	(12,935)
Net investment income	-	39,733	(39,733)
Benefit payments	(68,074)	(68,074)	-
Administrative expense	-	(353)	353
Other changes	-	(391)	391
Net changes	27,126	37,589	(10,463)
Balances as of end of year	$ 1,176,697	$ 707,106	$ 469,591
Fiduciary Net Position as a percentage of the total pension liability			60.1%

Changes in the Fiscal Year 2021 Net Pension Liability

Suburban Transit Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 102,589	$ 62,123	$ 40,466
Changes for the year:			
Service cost	2,370	-	2,370
Interest	6,891	-	6,891
Effect of plan changes	-	-	-
Effect of economic/demographic gains or (losses)	(25)	-	(25)
Effect of assumptions changes or inputs	2,890	-	2,890
Contributions - employer	-	4,784	(4,784)
Contributions - employee	-	1,389	(1,389)
Net investment income	-	1,623	(1,623)
Benefit payments	(5,843)	(5,843)	-
Administrative expense	-	(26)	26
Other changes	-	(178)	178
Net changes	6,283	1,749	4,534
Balances as of end of year	$ 108,872	$ 63,872	$ 45,000
Fiduciary Net Position as a percentage of the total pension liability			58.7%

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Changes in the Fiscal Year 2020 Net Pension Liability

Suburban Transit Plan

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 98,678	$ 57,731	$ 40,947
Changes for the year:			
Service cost	2,310	-	2,310
Interest	6,638	-	6,638
Effect of plan changes	-	-	-
Effect of economic/demographic gains or (losses)	361	-	361
Effect of assumptions changes or inputs	-	-	-
Contributions - employer	-	4,756	(4,756)
Contributions - employee	-	1,449	(1,449)
Net investment income	-	3,474	(3,474)
Benefit payments	(5,398)	(5,398)	-
Administrative expense	-	(30)	30
Other changes	-	141	(141)
Net changes	3,911	4,392	(481)
Balances as of end of year	$ 102,589	$ 62,123	$ 40,466
Fiduciary Net Position as a percentage of the total pension liability			60.6%

Changes in the Fiscal Year 2021 Net Pension Liability

Frontier Plan

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 31,651	$ 30,467	$ 1,184
Changes for the year:			
Service cost	978	-	978
Interest	2,201	-	2,201
Effect of plan changes	-	-	-
Effect of economic/demographic gains or (losses)	(1,951)	-	(1,951)
Effect of assumptions changes or inputs	951	-	951
Contributions - employer	-	675	(675)
Contributions - employee	-	548	(548)
Net investment income	-	819	(819)
Benefit payments	(35)	(35)	-
Administrative expense	-	(12)	12
Other changes	-	(244)	244
Net changes	2,144	1,751	393
Balances as of end of year	$ 33,795	$ 32,218	$ 1,577
Fiduciary Net Position as a percentage of the total pension liability			95.3%

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Changes in the Fiscal Year 2020 Net Pension Liability

Frontier Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	$ 30,017	$ 27,580	$ 2,437
Changes for the year:			
Service cost	978	-	978
Interest	2,091	-	2,091
Effect of plan changes	-	-	-
Effect of economic/demographic gains or (losses)	(1,413)	-	(1,413)
Effect of assumptions changes or inputs	-	-	-
Contributions - employer	-	782	(782)
Contributions - employee	-	577	(577)
Net investment income	-	1,708	(1,708)
Benefit payments	(22)	(22)	-
Administrative expense	-	(13)	13
Other changes	-	(145)	145
Net changes	1,634	2,887	(1,253)
Balances as of end of year	$ 31,651	$ 30,467	$ 1,184
Fiduciary Net Position as a percentage of the total pension liability			96.3%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the SEPTA Pension Plans for the year ended June 30, 2021, calculated using the discount rate of 6.50 percent, as well as what SEPTA's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50 percent) or 1-percentage point higher (7.50 percent) than the current rate:

	1% Decrease	Current	1% Increase
SAM	$ 537,675	$ 415,870	$ 312,414
Transit Police	38,430	28,974	21,109
City Transit	640,501	506,819	392,850
Suburban Transit	57,846	45,000	34,112
Frontier	5,805	1,577	(2,002)
Total	$ 1,280,257	$ 998,240	$ 758,483

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

The following presents the net pension liability of the SEPTA Pension Plans for the year ended June 30, 2020, calculated using the discount rate of 6.75 percent, as well as what SEPTA's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75 percent) or 1-percentage point higher (7.75 percent) than the current rate:

	1% Decrease	Current	1% Increase
SAM	$ 472,690	$ 360,000	$ 264,148
Transit Police	32,574	23,959	16,792
City Transit	598,149	469,591	359,938
Suburban Transit	52,506	40,466	30,256
Frontier	5,165	1,184	(2,183)
Total	$ 1,161,084	$ 895,200	$ 668,951

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, SEPTA recognized pension expense of $113,107 ($57,943 for the SAM Plan, $4,931 for the Transit Police Plan, $45,485 for the City Transit Plan, $4,651 for the Suburban Transit Plan, and $97 for the Frontier Plan). At June 30, 2021, SEPTA reported deferred outflows of resources and deferred inflows of resources related to the five pension plans from the following sources:

Deferred Outflows of Resources

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Differences between expected and actual experience	$ 21,055	$ 8,718	$ -	$ 785	$ -	$ 30,558
Changes in assumptions	33,451	4,708	29,423	2,948	931	71,461
Net difference between projected and actual earnings	12,373	796	13,404	1,210	611	28,394
Contributions made subsequent to measurement date	51,738	3,756	52,061	4,837	535	112,927
Total	$118,617	$ 17,978	$ 94,888	$ 9,780	$ 2,077	$ 243,340

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Inflows of Resources

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Differences between expected and actual experience	$ -	$ (284)	$(26,075)	$ (1,047)	$ (5,687)	$ (33,093)
Changes in assumptions	-	-	(1,736)	(211)	-	(1,947)
Net difference between projected and actual earnings	-	-	-	-	-	-
Total	$ -	$ (284)	$(27,811)	$ (1,258)	$ (5,687)	$ (35,040)

For the year ended June 30, 2020, SEPTA recognized pension expense of $103,825 ($52,657 for the SAM Plan, $4,123 for the Transit Police Plan, $42,759 for the City Transit Plan, $4,112 for the Suburban Transit Plan, and $174 for the Frontier Plan). At June 30, 2020, SEPTA reported deferred outflows of resources and deferred inflows of resources related to the five pension plans from the following sources:

Deferred Outflows of Resources

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Differences between expected and actual experience	$ 9,676	7,732	$ -	$ 951	$ -	$ 18,359
Changes in assumptions	16,524	3,348	5,243	567	91	25,773
Contributions made subsequent to measurement date	49,025	3,521	52,860	4,784	675	110,865
Total	$ 75,225	$ 14,601	$ 58,103	$ 6,302	$ 766	$ 154,997

Deferred Inflows of Resources

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Differences between expected and actual experience	$ (217)	(362)	$ (22,944)	$ (1,330)	$ (4,581)	$ (29,434)
Changes in assumptions	-	-	(2,124)	(251)	-	(2,375)
Net difference between projected and actual earnings on pension plan investments	(7,679)	(519)	(8,428)	(740)	(382)	(17,748)
Total	$ (7,896)	$ (881)	$ (33,496)	$ (2,321)	$ (4,963)	$ (49,557)

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The amounts reported as deferred outflows of resources for each of the five plans resulting from employer contributions subsequent to the measurement date as of June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Year ended June 30:						
2022	$ 15,998	$ 1,879	$ (3,270)	$ 117	$ (816)	$ 13,908
2023	$ 18,313	$ 2,248	$ 2,421	$ 597	$ (584)	$ 22,995
2024	16,465	2,463	5,370	874	(437)	$ 24,735
2025	14,387	2,401	5,388	819	(425)	$ 22,570
2026	1,716	2,062	1,390	394	(670)	$ 4,892
Thereafter	-	2,885	3,717	884	(1,213)	$ 6,273

Plan Reporting as of June 30, 2021

The following disclosures are as of the pensions plan's year end of June 30, 2021. For financial reporting purposes, the Authority has elected to measure its pension related liabilities 1 year before its financial statement date. The information presented below will be used by the Authority to record it pension related liabilities in its June 30, 2022 financial statements.

At January 1, 2020, the date of the actuarial valuation that was used to determine the Authority's total pension liability as of June 30, 2021, the following employees were covered by the benefit terms:

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Inactive employees or beneficiaries Currently receiving benefits	2,128	105	3,572	269	60	6,134
Inactive employees entitled to but not yet receiving benefits	371	44	622	109	31	1,177
Active employees	1,842	183	5,057	555	218	7,855
Total	4,341	332	9,251	933	309	15,166

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables: (Note that the target allocation and long-term expected real rate of return percentages are the same for all five plans.)

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	2.30%	-0.32%
US Core Fixed Income (Aggregrate)	12.60%	1.37%
US High Yield Bonds	3.70%	3.95%
Non-US Bonds	3.20%	-0.27%
US Large Cap Equity	0.40%	5.15%
US Broad Equity Market	22.80%	5.33%
US Large & Mid Cap Growth Equity	4.20%	5.29%
US Large & Mid Cap Value Equity	4.10%	5.14%
US Small Cap Equity	4.35%	6.58%
US Small Cap Growth Equity	4.35%	7.11%
Non-US Equity	14.60%	6.74%
Foreign Developed Equity	3.20%	6.27%
Emerging Markets Equity	1.80%	8.64%
Private Real Estate Property - Core	4.90%	4.62%
Private Equity	2.40%	10.30%
Timber	0.80%	4.76%
Farmland	0.20%	5.12%
Infrastructure - Public	2.00%	5.22%
Commodities	1.00%	1.93%
Hedge Funds - MultiStrategy	4.80%	3.75%
Hedge Funds - Distressed	2.30%	3.83%
Total	100.00%	

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability for the five plans was 6.50% for June 30, 2021 measurement dates. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that SEPTA contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Rate of return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, is disclosed below. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	SAM	Transit Police	City Transit	Suburban Transit	Frontier
Money-weighted rate of return	26.27%	26.15%	26.26%	26.34%	26.24%

Net Pension Liability

The total pension liability was determined by the use of updated procedures to roll forward the pension plan's actuarial valuation dated January 1, 2020 to the pension plan's June 30, 2021 year-end. The components of the net pension liability of the Authority at June 30, 2021 are as follows:

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Total pension liability	$1,113,428	$ 80,738	$1,250,956	$112,155	$ 36,073	$2,593,350
Plan fiduciary net position	835,948	54,401	895,790	87,790	28,879	1,902,808
Authority net pension liability	$ 277,480	$ 26,337	$ 355,166	$ 24,365	$ 7,194	$ 690,542
Plan fiduciary net position as a percentage of the total pension liability	75.10%	67.40%	71.60%	78.30%	80.10%	73.40%

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

7. Pension Plans (Continued)

Actuarial Assumptions

The Fiscal Year 2021 total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SAM	Transit Police	City Transit	Suburban Transit	Frontier
Investment rate of return[1]	6.50%	6.50%	6.50%	6.50%	6.50%
Salary increases, including inflation	3.25%	[2]	[2]	[2]	[2]
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%

[1] Interest is net of investment-related expenses.

[2] Salary scale rates vary by years of service, for actuarial valuation purposes .5% plus inflation

Mortality rates for all of the plans were based on the RP-2006 Employee Mortality Table for Males and Females for Preretirement, the RP-2006 Healthy Annuitant Mortality Table for Males and Females for beneficiaries, and the RP-2006 Disabled Annuitant Mortality Table for Males and Females for disabled beneficiaries, as appropriate, with adjustments for mortality improvements equal to the 60-year average of Social Security data from 1955 to 2015. The mortality rates for the Transit Police Plan, City Transit Plan, Suburban Transit Plan, and the Frontier Plan include Blue Collar adjustments for Preretirement and Postretirement healthy lives. No Blue Collar adjustments were made for disabled beneficiaries.

The actuarial assumptions that determined the total pension liability as of June 30, 2021 were based on the results of an actuarial experience study, dated December 18, 2020 for the period from January 1, 2014 through December 31, 2018, and a mortality study dated December 27, 2018 covering the period from January 1, 2011 to December 31, 2016.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the SEPTA Pension Plans for the year ended June 30, 2021, calculated using the discount rate of 6.50 percent, as well as what SEPTA's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50 percent) or 1-percentage point higher (7.50 percent) than the current rate:

	1% Decrease	Current	1% Increase
SAM	$ 401,207	$ 277,480	$ 172,405
Transit Police	36,787	26,337	17,674
City Transit	491,733	355,166	238,898
Suburban Transit	37,568	24,365	13,184
Frontier	11,693	7,194	3,391
Total	$ 978,988	$ 690,542	$ 445,552

8. Other Postemployment Benefits

Plan Description and Benefits Provided

The Authority sponsors a single-employer defined benefit plan that provides postemployment benefits other than pensions (“OPEB”) for the following employee groups: Supervisory Administrative and Management employees (SAM), Transit Police (TP), Non-Railroad Union Groups, and Railroad Union Groups. The Authority does not issue financial reports for this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The Authority provides postemployment medical, prescription drug and life insurance benefits to substantially all employees, which generally commence on the first day an employee retires. Prior to December 1, 2016, health insurance benefits were generally provided for three years, except Health Maintenance Organization (HMO) plan coverage was provided for fifty months. There was a plan change adopted June 25, 2015 for SAM employees electing the HMO plan coverage and retiring on or after January 1, 2017 decreasing the duration of the medical benefits provided from 50 months to 36 months. Beginning December 1, 2016, with varying effective dates by union, health insurance benefits are generally provided for forty months for bargaining unit employees and for thirty-six months for SAM employees. Prescription drug benefits are generally provided over the retiree’s lifetime for SAM and Non-Railroad Union Groups, except for employees hired after November 2005 for whom coverage ends at age 65. Prescription drug benefits end at the earlier of three years or age 65 for Railroad Union Groups, and at age 65 for TP. In addition, the Authority provides life insurance coverage to substantially all retirees. Life insurance is provided in various amounts to a maximum of annual final salary for SAM which decreases annually to 20% after four years.

During 2019, plan changes for police and union rail members include the duration of medical coverage upon retirement from 36 months, for PPO coverage and 50 months for HMO coverage to 40 months, regardless of plan election. For union rail members, excluding (TCU), extending prescription drug coverage from 3 years to 5 years, but no later than age 65. The effective date of these changes varies by union agreement.

The Authority provides long-term disability insurance with benefit eligibility after one year of employment for SAM and TP. Disability benefits are not covered by the OPEB valuation since generally the benefits are fully insured and paid while an employee is actively employed. The union employees are eligible for disability benefits from their respective pension plans.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

8. Other Postemployment Benefits (Continued)

Plan Description and Benefits Provided (Continued)

Benefits provisions for SAM employees are established and may be amended in accordance with recognized Authority policy. The bargaining union employees receive benefits based on the respective union agreements in effect at the time of retirement. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Statement 75.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8,172
Active employees	9,418
	17,590

Total OPEB Liability

The Authority's Fiscal Year 2021 total OPEB liability amounted to $1,493,341 for Fiscal Year 2020, and $1,256,735 for Fiscal Year 2019 and was measured as of June 30, 2020 and June 30, 2019, ("Measurement Dates") determined by an actuarial valuation as of June 30, 2019. Updated procedures were used to roll forward the total OPEB liability from the June 30, 2019 actuarial valuation to the June 30, 2020 measurement date. The Total OPEB liability was determined using the entry age cost method and the following actuarial assumptions and other inputs:

Discount Rate: 3.50% per annum as of June 30, 2019 and 2.21% per annum as of June 30, 2020 (Bond Buyer General Obligation 20-Bond Municipal Bond Index)

Salary Increases: 3.25% per year for SAM members; 2.75% for all other members.

Valuation Compensation: Annualized wage rate as of June 30, 2019.

Health Cost Trend: The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2020.2 utilizing the baseline assumptions included in the model, except inflation of 2.5% for medical and prescription drug benefits separately. Further adjustments apply based on percentage of costs associated with administrative expenses, aging factors, and other healthcare reform provisions. The health cost trend assumption for medical and pharmacy benefits at sample years is as follows.

Fiscal Year-End	Prescription Drug	Medical Pre-65	Medical Post-65
2020	8.7	6.1	5.5
2021	6.9	5.9	4.6
2022	5.7	5.3	4.9
2023	5.1	5.0	5
2024	5.0	5.0	5
2029	4.8	4.8	4.8
2034	4.8	4.8	4.8
2039	4.9	4.9	4.9
2044	4.9	4.9	4.9
2049	5.0	5.0	5
2059	4.8	4.8	4.8
2069	4.4	4.4	4.4
2079	4.0	4.0	4.0

8. Other Postemployment Benefits (Continued)

Total OPEB Liability (Continued)

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rate, which is 4.0% for prescription drug, 4.0% for medical costs prior to age 65, and 4.0% of medical costs at age 65 and later.

Mortality: For 2021 and 2020, all mortality rates projected on a generational basis using mortality improvements equal to a 60-year average social security data from 1955 to 2015. As a generational table, it reflects mortality improvements both before and after the measurement date.

Preretirement: For 2021 and 2020, RP-2006 Employee Mortality Table for Males and Females with blue collar adjustments. No Blue Collar adjustments were used for current and future SAM members.

Postretirement Healthy Lives: For 2021 and 2020, RP-2006 Healthy Annuitant Mortality Table for Males and Females with blue collar adjustments multiplied by 115% up to age 90. The adjustment is phased out from ages 90 to 95. For current and future SAM members, no Blue Collar adjustments apply and the multiplicative adjustment factor is 102%.

Postretirement Disabled Lives: for 2021 and 2020, RP-2006 Disabled Annuitant Mortality Table for Males and Females.

The demographic actuarial assumptions that determined the total OPEB liability as of June 30, 2020 were based on the results of an actuarial experience study, dated March 26, 2015 for covered members of the pension plans sponsored by SEPTA and dated December 1, 2015 for rail members, covering the period from January 1, 2007 through December 31, 2013, and a mortality study for covered members of the pension plans sponsored by SEPTA dated December 27, 2018 covering the period from January 1, 2011 to December 31, 2016. Healthcare assumptions are determined as of each valuation date.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

8. Other Postemployment Benefits (Continued)

Total OPEB Liability (Continued)

Changes in Fiscal Year 2021 OPEB Liability

Balance as of beginning of year	$ 1,256,735
Changes for the year:	
Service cost	38,396
Interest on total OPEB liability	44,438
Effect of plan changes	-
Effect of economic/demographic gains or losses	2,101
Effect of assumptions changes or inputs	203,043
Benefit payments	(51,372)
Net changes	236,606
Balance as of June 30, 2020	$ 1,493,341

Changes in Fiscal Year 2020 OPEB Liability

Balance as of beginning of year	$ 1,178,556
Changes for the year:	
Service cost	36,960
Interest on total OPEB liability	46,130
Effect of plan changes	(1,066)
Effect of economic/demographic gains or losses	(4,974)
Effect of assumptions changes or inputs	48,644
Benefit payments	(47,515)
Net changes	78,179
Balance as of June 30, 2019	$ 1,256,735

Changes in Assumptions – FY 2021

The discount rate has been changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020 due to changes in the applicable municipal bond index. Healthcare trend assumptions for medical benefits were revised to reflect the elimination of the excise tax.

Changes in Assumptions – FY 2020

The discount rate changed from 3.80% to 3.50%.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

8. Other Postemployment Benefits (Continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following represents the total OPEB liability of the SEPTA Plan for the year ending June 30, 2021, calculated using the discount rate of 2.21%, as well as what the SEPTA's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate.

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB liability	$ 1,699,820	$ 1,493,341	$ 1,320,646

The following represents the total OPEB liability of SEPTA Plan for the year ending June 30, 2020, calculated using the discount rate of 3.50%, as well as what the SEPTA's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate.

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	$ 1,421,146	$ 1,256,735	$1,118,267

The following represents the total OPEB liability of SEPTA Plan for the year ending June 30, 2021, calculated using the current healthcare cost trend rates as well as what SEPTA's total liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 1,292,581	$ 1,493,341	$ 1,742,189

The following represents the total OPEB liability of SEPTA Plan for the year ending June 30, 2020, calculated using the current healthcare cost trend rates as well as what SEPTA's total liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 1,105,703	$ 1,256,735	$ 1,441,497

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

8. Other Postemployment Benefits (Continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate (Continued)

For the year ending June 30, 2021, SEPTA recognized OPEB expense of $24,745. At June 30, 2021, SEPTA reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (16,729)	$ 2,273
Changes of assumptions	(402,448)	217,165
Contributions subsequent to the measurement date	-	52,399
Total	$ (419,177)	$ 271,837

For the year ending June 30, 2020, SEPTA recognized OPEB expense of $355. At June 30, 2020, SEPTA reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (20,045)	$ 487
Changes of assumptions	(486,465)	43,053
Contributions subsequent to the measurement date	-	49,306
Total	$ (506,510)	$ 92,846

The deferred outflows related to the contributions made subsequent to the measurement date of $52,399 will be recognized as a reduction in the total OPEB liability in FY 2022, the remaining amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	$ (58,089)
2023	(58,089)
2024	(58,090)
2025	(58,090)
2026	(34,332)
Thereafter	66,951

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

9. Deferred Compensation

The Authority offers an employee savings/deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits employees to defer includible compensation, as defined in the Internal Revenue Code, in an amount generally not to exceed $19.5 thousand annually on a pre-tax basis. Includible compensation comprises the contributions made by both the employee and employer. Effective January 1, 2000, the Authority began to provide SAM employees with a 10 percent matching contribution, subject to limitations, which amounted to $906 thousand and $901 thousand for Fiscal Years 2021 and 2020, respectively. On January 1, 2018, SEPTA increased the matching contributions to the Plan for SAM employees from 10% to 25% of employee contributions with a cap of $1,000 annually.

The Deferred Compensation Plan (DCP) Trust Agreement provides that all assets and income of the DCP are to be held in the DCP Trust for the exclusive benefit of participants and their beneficiaries and as a result are not recorded in the Authority's financial statements. The costs and expenses of administering the plan are borne by the participants.

10. Commitments and Contingencies

The Authority is involved in various legal matters arising from the normal course of operations. In management's opinion, the resolution of these legal matters will not have a material adverse effect on the Authority's financial position.

Derivate Instruments

To obtain budget certainty and control volatility in fuel prices, the Authority has entered into financial derivative agreements for its fuel purchases. The Authority has collateral posting requirements related to these instruments tied to its credit rating and dollar level of exposure to the counterparty. During the year ended June 30, 2021, the Authority was not required to post collateral for any fuel derivative agreements. At June 30, 2021, the fuel derivative instruments had a net negative market position of $5.5 million. The Authority is also a counterparty in one swap agreement as noted in the swap section of Note 5. This swap agreement requires the Authority to post collateral if the long-term unenhanced rating of the Authority’s Bonds is withdrawn, suspended or falls below (1) Baa3 as determined by Moody’s Investors Service (“Moody’s”), (2) BBB- as determined by Standard & Poor’s Global Ratings Service (“S&P”) or (3) BBB- as determined by Fitch Ratings (“Fitch”). If the Authority failed to post the collateral when required, the counterparty may terminate the hedging derivative instrument. If the collateral posting requirement had been triggered at June 30, 2021, the maximum amount the Authority would have been required to post to its counterparty is $374 thousand. Because the Authority’s unenhanced debt obligations were rated “A3” by Moody’s, “AA-” by S&P Global, and “AA” by Fitch at June 30, 2021, no collateral has been required or posted. The Authority’s obligation to make payments under the swap agreement is limited to available money under the applicable indentures pursuant to Section 1310 of the Public Transportation Assistance Law. The payment obligation is not a general obligation of the Authority and is not secured by any lien on other assets of the Authority.

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

11. Self-Insurance

Public Liability, Property Damage and Workers' Compensation Claims

The Authority is self-insured for claims arising from public liability and property damage. The Authority also maintains a self-funded insurance trust for excess amounts of $5 million to $20 million as of June 30, 2021. The Authority provides a liability for the self-insured portion based on the present value of the estimated ultimate cost of settling claims, discounted at 1.0%, using past experience adjusted for current trends as of June 30. The valuation incorporates the effects of the statutory limitation on damages (the liability cap). The annual public liability and property damage claims expense for Fiscal Year 2021 decreased $11.8 million and the total liability increased $10.5 million. The expense decrease reflects a drop in the number of cases related to the COVID-19 pandemic resulting in the decrease in ridership. The expense for pollution remediation activities at various SEPTA locations where underground storage tanks were previously removed and replaced was $0.4 million and $0.7 million for Fiscal Year 2020 and 2021, respectively. The Pennsylvania Department of Environmental Protection (PADEP) Act 2, “Underground Storage Tank Program”, involves follow-up testing, site characterization and remediation action plans as mandated by PADEP. The liability was developed by the Authority’s engineers specializing in environmental remediation which is similar to situations at other sites with which the Authority has experience. The estimate is subject to change due to price increases, changes in technology, or other factors. The Authority has also recognized within capital grants the expected reimbursement of such costs.

The Authority is self-insured for workers' compensation claims for its employees. The Authority provides a liability for the self-insured amount based on an actuarial valuation that uses the present value of the estimated ultimate cost of settling claims, discounted at 1.0%, utilizing a case-by-case review of all claims, adjusted for estimates of future adverse claims development, as of June 30. The Authority also maintains excess workers’ compensation insurance coverage with an insurance carrier for employee claims, on a per accident basis, which exceeds a self-insured retention of $5 million up to a $10 million liability limit.

Total claims liabilities, including changes for Fiscal Years 2021 and 2020, are as follows:

	Public Liability and Property Damage	Worker's Compensation	Totals
Balance at June 30, 2019	$ 134,801	$ 27,345	$ 162,146
Claims expense	39,673	19,152	58,825
Pollution remediation expense	418	-	418
Payment of claims	(25,207)	(16,245)	(41,452)
Payments for pollution remediation	157	-	157
Balance at June 30, 2020	149,842	30,252	180,094
Claims expense	27,882	19,450	47,332
Pollution remediation expense	731	-	731
Payment of claims	(18,113)	(18,587)	(36,700)
Payments for pollution remediation	28	-	28
Balance at June 30, 2021	$ 160,370	$ 31,115	$ 191,485
Balance at June 30, 2021 due within one year	$ 48,135	$ 13,449	$ 61,584

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

11. Self-Insurance (Continued)

Employee Health Benefits

As of August 1, 2012, the Authority became self-insured in providing group medical coverage for most of its employees and certain retirees. A third-party administers the group medical coverage for the Authority. The Authority is liable for all claims up to $600,000 per individual for any one plan year. A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of $600,000 per plan year. The liability for unpaid claims, if any, is estimated using the prior period history of actual claims paid.

The total medical claims liability, which is included within Accounts Payable-Trade in the Statements of Net Position, changed in Fiscal Year 2021 as follows:

	Medical Liability
Balance at June 30, 2019	$ 24,170
Claims expense	123,035
Payment of claims	(123,024)
Balance at June 30, 2020	24,181
Claims expense	131,776
Payment of claims	(129,789)
Balance at June 30, 2021	$ 26,168
Balance at June 30, 2021 due within one year	$ 26,168

The Authority is also self-insured for prescription drug benefits through a third-party administrator for all employees and certain retirees. The annual prescription expense for Fiscal Year 2021 and 2020 was $52.7 million and $61.2 million, respectively. In addition, the Authority is self-insured in providing dental coverage for most employees. Two third-parties administer the group dental coverage for the Authority. The annual dental expense for each of Fiscal Years 2021 and 2020 was $5.4 million and $4.8 million respectively.

12. Dependency on Governmental Funding

The Authority is dependent upon its external governmental funding sources to provide subsidies in amounts that keep pace with future cost increases due to inflation, infrastructure repairs, revenue fleet replacements, technological advances and changing regulatory requirements. Historically, these funding sources, cost controls, increased ridership, and passenger fare increases, have been adequate to maintain a balanced budget. However, should the external funding sources, which comprise over half the Authority's operating budget and essentially all of its capital budget, not keep pace with future capital or expense levels, the negative effect on future operations could be significant. When Act 44 was enacted in 2007, the Authority anticipated that the Pennsylvania Transportation Trust Fund ("PTTF") would provide a reliable and growing source of funds to meet future budgetary needs. In March 2010 the Pennsylvania Turnpike Commission (PTC) was unable to obtain approval of the Federal Highway Administration to toll Interstate 80. As a result, PTTF funding for transportation in the Commonwealth was significantly impacted. With the reduction in PTTF funding, SEPTA's annual capital budget was reduced by 25 percent, or $110 million, beginning in Fiscal Year 2011. The reduced capital outlay continued into Fiscal Year 2014 with a total capital budget of $308.0 million. In 2013 the Pennsylvania General Assembly passed transportation funding legislation, Act 89 of 2013, which was signed into law by the Governor in November 2013. Act 89 of 2013 provides a dedicated, long-term funding source for transportation in Pennsylvania that includes funding for public transportation as well as roads, bridges, and multimodal transportation. In Fiscal Years 2021 and 2022, the capital budget was $640.22 million and $618.85 million, respectively. The decrease in the Fiscal Year 2022

(AMOUNTS IN THOUSANDS OF DOLLARS EXCEPT WHERE OTHERWISE STATED)

12. Dependency on Governmental Funding (Continued)

capital budget resulted from uncertainty in the amount of federal and state funding available. Starting July 1, 2022, the predictable capital funding the Authority currently receives from PennDOT transitions from the PTC to state motor vehicle sales tax. This transition along with the continuing uncertainty about the full impact of COVID-19 on the Commonwealth's funding could negatively impact the Authority's ability to make long term investments. The Authority plans to leverage the motor sales tax revenues in order to increase the amount available to fund capital projects beginning in Fiscal Year 2023.

On March 27, 2020, the U.S. Congress passed, and the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act provides emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic. The Authority is eligible to receive $644 million in CARES Act funding, a portion of which offset the significant passenger revenue shortfall resulting from lower ridership related to the COVID-19 pandemic. Subsequently the U.S. Congress passed two more relief bills: the Coronavirus Response and Relief Supplemental Act (CRRSA) on December 27, 2020, and the American Relief Plan Act (ARPA) on March 11, 2021. The Authority is eligible to receive $252 million in funding CRSSA funding, and $667 million in ARPA funding.

13. Restatement of Fiduciary Net Position

In Fiscal Year 2021, the Authority adopted the provisions of GASB Statement No. 84, "Fiduciary Activities." The adoption of this statement resulted in a change in the Authority's financial reporting entity. In accordance with GASB No. 84, the Authority determined the pension plans to be fiduciary component units of the Authority and included the financial statements of the five pension plans in their financial reporting entity. The effect on beginning fiduciary net position for Fiscal Year 2021 and 2020 is as follows:

	Fiduciary Funds at June 30, 2020	Fiduciary Funds at June 30, 2021
Fiduciary Net Position, as previously stated	$ -	$ -
Understatement of Fiduciary Net Position as Pension Plans not previously included in financial reporting entity	1,492,210	1,521,890
Beginning Fiduciary Net Position, as restated	$ 1,492,210	$ 1,521,890

14. Subsequent Events

On November 6, 2021, the U.S. Congress passed, and the President signed it into law on November 15, 2021 the Infrastructure Investment and Jobs Act (IIJA). CARES, CRRSA and ARPA largely funded operating expenses while IIJA will fund future capital expenses of the Authority.

Required Supplementary Information

- Schedule of Changes in the Net Pension Liability and Related Ratios
- Schedule of Employer Pension Contributions – Last 10 Years
- Schedule of Pension Investment Returns – Last 10 Years
- Schedule of Changes in the Total OPEB Liability and Related Ratios

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(AMOUNTS IN THOUSANDS OF DOLLARS)

2021

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Total pension liability						
Service Cost	$ 15,030	$ 1,561	$ 22,476	$ 2,514	$ 1,031	$ 42,612
Interest	69,217	4,687	78,652	7,060	2,228	161,844
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-
Effect of economic/demographic gains or losses	12,072	(566)	(6,239)	(1,396)	(136)	3,735
Changes of assumptions	(1,070)	6,530	6,515	724	235	12,934
Benefit payments, including refunds of employee contributions	(62,345)	(4,053)	(74,808)	(5,619)	(1,080)	(147,905)
Net change in total pension liability	32,904	8,159	26,596	3,283	2,278	73,220
Total pension liability - beginning	1,080,524	72,579	1,224,360	108,872	33,795	2,520,130
Total pension liability - ending (a)	$ 1,113,428	$ 80,738	$ 1,250,956	$ 112,155	$ 36,073	$ 2,593,350
Plan fiduciary net position						
Contributions - employer	$ 51,738	$ 3,756	$ 52,061	$ 4,837	$ 535	$ 112,927
Contributions - employee	5,778	624	12,479	1,366	544	20,791
Net investment income	173,409	11,345	186,074	16,838	8,318	395,984
Benefit payments, including refunds of employee contributions	(62,345)	(4,053)	(74,808)	(5,619)	(1,080)	(147,905)
Administrative expense	(381)	(25)	(419)	(37)	(17)	(879)
Other	3,095	(851)	2,862	6,533	(11,639)	-
Net change in plan fiduciary position	171,294	10,796	178,249	23,918	(3,339)	380,918
Plan fiduciary net position - beginning	664,654	43,605	717,541	63,872	32,218	1,521,890
Plan fiduciary net position - ending (b)	$ 835,948	$ 54,401	$ 895,790	$ 87,790	$ 28,879	$ 1,902,808
Authority's net pension liability - ending (a) - (b)	$ 277,480	$ 26,337	$ 355,166	$ 24,365	$ 7,194	$ 690,542
Plan fiduciary net position as a percentage of the total pension liability	75.08%	67.38%	71.61%	78.28%	80.06%	
Covered payroll	$ 149,720	$ 15,848	$ 302,518	$ 32,738	$ 12,276	
Authority net pension liability as a percentage of covered payroll	185.33%	166.19%	117.40%	74.42%	58.60%	

2020

	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Total pension liability						
Service Cost	$ 13,843	$ 1,469	$ 20,878	$ 2,370	$ 978	$ 39,538
Interest	67,219	4,429	78,439	6,891	2,201	159,179
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-
Effect of economic/demographic gains or losses	19,442	2,368	(9,630)	(25)	(1,951)	10,204
Changes of assumptions	27,443	2,101	30,191	2,890	951	63,576
Benefit payments, including refunds of employee contributions	(57,882)	(3,802)	(72,215)	(5,843)	(35)	(139,777)
Net change in total pension liability	70,065	6,565	47,663	6,283	2,144	132,720
Total pension liability - beginning	1,010,459	66,014	1,176,697	102,589	31,651	2,387,410
Total pension liability - ending (a)	$ 1,080,524	$ 72,579	$ 1,224,360	$108,872	$ 33,795	$ 2,520,130
Plan fiduciary net position						
Contributions - employer	$ 49,025	$ 3,522	$ 52,860	$ 4,784	$ 675	$ 110,866
Contributions - employee	4,714	611	13,111	1,389	548	20,373
Net investment income	16,986	1,103	18,314	1,623	819	38,845
Benefit payments, including refunds of employee contributions	(57,882)	(3,802)	(72,215)	(5,843)	(35)	(139,777)
Administrative expense	(270)	(18)	(301)	(26)	(12)	(627)
Other	1,622	134	(1,334)	(178)	(244)	-
Net change in plan fiduciary position	14,195	1,550	10,435	1,749	1,751	29,680
Plan fiduciary net position - beginning	650,459	42,055	707,106	62,123	30,467	1,492,210
Plan fiduciary net position - ending (b)	$ 664,654	$ 43,605	$ 717,541	$ 63,872	$ 32,218	$ 1,521,890
Authority's net pension liability - ending (a) - (b)	$ 415,870	$ 28,974	$ 506,819	$ 45,000	$ 1,577	$ 998,240
Plan fiduciary net position as a percentage of the total pension liability	61.51%	60.08%	58.61%	58.67%	95.33%	
Covered payroll	$ 146,821	$ 15,181	$ 290,533	$ 32,412	$ 12,245	
Authority net pension liability as a percentage of covered payroll	283.25%	190.86%	174.44%	138.84%	12.88%	

Note to Schedule

The Authority adopted GASB 68 on a prospective basis in Fiscal Year 2015; therefore only eight years are presented in the above schedule. The Authority's total pension liability was measured one year prior to the fiscal year-end for each year noted.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(AMOUNTS IN THOUSANDS OF DOLLARS)

	2019						2018					
	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Total pension liability												
Service Cost	$ 13,318	$ 1,488	$ 20,827	$ 2,310	$ 978	$ 38,921	$ 12,537	$ 1,374	$ 20,290	$ 2,160	$ 939	$ 37,300
Interest	65,572	3,995	76,742	6,638	2,091	155,038	64,051	3,544	78,398	6,599	2,044	154,636
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	741	4,592	(2,369)	361	(1,413)	1,912	4,154	2,720	(13,859)	763	(1,265)	(7,487)
Changes of assumptions	-	-	-	-	-	-	26,983	4,057	(2,899)	(330)	58	27,869
Benefit payments, including refunds of employee contributions	(53,726)	(3,462)	(68,074)	(5,398)	(22)	(130,682)	(50,448)	(3,042)	(63,010)	(5,160)	(24)	(121,684)
Net change in total pension liability	25,905	6,613	27,126	3,911	1,634	65,189	57,277	8,653	18,920	4,032	1,752	90,634
Total pension liability - beginning	984,554	59,401	1,149,571	98,678	30,017	2,322,221	927,277	50,748	1,130,651	94,646	28,265	2,231,587
Total pension liability - ending (a)	$ 1,010,459	$ 66,014	$ 1,176,697	$ 102,589	$ 31,651	$ 2,387,410	$ 984,554	$ 59,401	$ 1,149,571	$ 98,678	$ 30,017	$ 2,322,221
Plan fiduciary net position												
Contributions - employer	$ 45,390	$ 2,401	$ 53,739	$ 4,756	$ 782	$ 107,068	$ 44,190	$ 2,026	$ 56,025	$ 4,785	$ 945	$ 107,971
Contributions - employee	4,754	569	12,935	1,449	577	20,284	4,764	538	12,999	1,435	592	20,328
Net investment income	36,566	2,369	39,733	3,474	1,708	83,850	55,398	3,640	59,913	5,120	2,413	126,484
Benefit payments, including refunds of employee contributions	(53,726)	(3,462)	(68,074)	(5,398)	(22)	(130,682)	(50,448)	(3,042)	(63,010)	(5,160)	(24)	(121,684)
Administrative expense	(310)	(21)	(353)	(30)	(13)	(727)	(254)	(18)	(292)	(25)	(10)	(599)
Other	493	(98)	(391)	141	(145)	-	2,143	(142)	(2,001)	146	(146)	-
Net change in plan fiduciary position	33,167	1,758	37,589	4,392	2,887	79,793	55,793	3,002	63,634	6,301	3,770	132,500
Plan fiduciary net position - beginning	617,292	40,297	669,517	57,731	27,580	1,412,417	561,499	37,295	605,883	51,430	23,810	1,279,917
Plan fiduciary net position - ending (b)	$ 650,459	$ 42,055	$ 707,106	$ 62,123	$ 30,467	$ 1,492,210	$ 617,292	$ 40,297	$ 669,517	$ 57,731	$ 27,580	$ 1,412,417
Authority's net pension liability - ending (a) - (b)	$ 360,000	$ 23,959	$ 469,591	$ 40,466	$ 1,184	$ 895,200	$ 367,262	$ 19,104	$ 480,054	$ 40,947	$ 2,437	$ 909,804
Plan fiduciary net position as a percentage of the total pension liability	64.37%	63.71%	60.09%	60.56%	96.26%		62.70%	67.84%	58.24%	58.50%	91.88%	
Covered payroll	$ 146,821	$ 13,928	$ 290,533	$ 32,412	$ 12,245		$ 140,563	$ 14,312	$ 289,290	$ 31,722	$ 12,204	
Authority net pension liability as a percentage of covered payroll	245.20%	172.02%	161.63%	124.85%	9.67%		261.28%	133.48%	165.94%	129.08%	19.97%	

Note to Schedule

The Authority adopted GASB 68 on a prospective basis in Fiscal Year 2015; therefore only four years are presented in the above schedule. The Authority's total pension liability was measured one year prior to the fiscal year-end for each year noted.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(AMOUNTS IN THOUSANDS OF DOLLARS)

	2017						2016					
	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Total pension liability												
Service Cost	$ 12,109	$ 1,293	$ 17,226	$ 1,793	$ 782	$ 33,203	$ 12,185	$ 1,248	$ 17,039	$ 1,747	$ 791	$ 33,010
Interest	61,150	3,240	70,978	5,871	1,732	142,971	59,114	3,071	69,344	5,712	1,663	138,904
Changes of benefit terms	-	-	84,481	8,055	3,013	95,549	4,469	-	-	-	-	4,469
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	16,641	2,340	(8,980)	(772)	(1,197)	8,032	(1,194)	(182)	(6,016)	(767)	(1,424)	(9,583)
Changes of assumptions	-	-	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(47,359)	(2,208)	(58,592)	(4,677)	(36)	(112,872)	(43,546)	(1,323)	(56,122)	(4,244)	(35)	(105,270)
Net change in total pension liability	42,541	4,665	105,113	10,270	4,294	166,883	31,028	2,814	24,245	2,448	995	61,530
Total pension liability - beginning	884,736	46,083	1,025,538	84,376	23,971	2,064,704	853,708	43,269	1,001,293	81,928	22,976	2,003,174
Total pension liability - ending (a)	$ 927,277	$ 50,748	$ 1,130,651	$ 94,646	$ 28,265	$ 2,231,587	$ 884,736	$ 46,083	$ 1,025,538	$ 84,376	$ 23,971	$ 2,064,704
Plan fiduciary net position												
Contributions - employer	$ 42,061	$ 1,692	$ 45,769	$ 3,821	$ 641	$ 93,984	$ 37,334	$ 1,737	$ 46,986	$ 3,920	$ 770	$ 90,747
Contributions - employee	4,558	579	12,923	1,364	563	19,987	2,134	568	9,249	937	377	13,265
Net investment income	62,313	4,157	67,353	5,700	2,612	142,135	(9,265)	(584)	(9,883)	(809)	(345)	(20,886)
Benefit payments, including refunds of employee contributions	(47,359)	(2,208)	(58,592)	(4,677)	(36)	(112,872)	(43,546)	(1,323)	(56,122)	(4,244)	(35)	(105,270)
Administrative expense	(222)	(16)	(258)	(22)	(9)	(527)	(206)	(15)	(258)	(21)	(8)	(508)
Other	1,360	(114)	(773)	(172)	(301)	-	1,736	(610)	(949)	164	(341)	-
Net change in plan fiduciary position	62,711	4,090	66,422	6,014	3,470	142,707	(11,813)	(227)	(10,977)	(53)	418	(22,652)
Plan fiduciary net position - beginning	498,788	33,205	539,461	45,416	20,340	1,137,210	510,601	33,432	550,438	45,469	19,922	1,159,862
Plan fiduciary net position - ending (b)	$ 561,499	$ 37,295	$ 605,883	$ 51,430	$ 23,810	$ 1,279,917	$ 498,788	$ 33,205	$ 539,461	$ 45,416	$ 20,340	$ 1,137,210
Authority's net pension liability - ending (a) - (b)	$ 365,778	$ 13,453	$ 524,768	$ 43,216	$ 4,455	$ 951,670	$ 385,948	$ 12,878	$ 486,077	$ 38,960	$ 3,631	$ 927,494
Plan fiduciary net position as a percentage of the total pension liability	60.55%	73.49%	53.59%	54.34%	84.24%		56.38%	72.05%	52.60%	53.83%	84.85%	
Covered payroll	$ 140,105	$ 14,548	$ 290,384	$ 30,390	$ 11,976		$ 132,095	$ 13,695	$ 288,333	$ 30,149	$ 11,866	
Authority net pension liability as a percentage of covered payroll	261.07%	92.47%	180.72%	142.20%	37.20%		292.17%	94.03%	168.58%	129.22%	30.60%	

Note to Schedule

The Authority adopted GASB 68 on a prospective basis in Fiscal Year 2015; therefore only eight years are presented in the above schedule. The Authority's total pension liability was measured one year prior to the fiscal year-end for each year noted.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(AMOUNTS IN THOUSANDS OF DOLLARS)

	2015						2014					
	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total	SAM	Transit Police	City Transit	Suburban Transit	Frontier	Total
Total pension liability												
Service Cost	$ 10,313	$ 1,231	$ 16,578	$ 1,714	$ 808	$ 30,644	$ 9,995	$ 1,245	$ 16,365	$ 1,657	$ 769	$ 30,031
Interest	55,466	2,956	68,844	5,653	1,592	134,511	53,586	2,710	66,692	5,409	1,472	129,869
Changes of benefit terms	27,068	-	1,260	92	42	28,462	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	16,583	(508)	(6,149)	(1,044)	(673)	8,209	(1,242)	(44)	(1,774)	241	(563)	(3,382)
Changes of assumptions	9,047	380	14,847	1,383	82	25,739	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(38,340)	(643)	(53,243)	(4,179)	(58)	(96,463)	(35,153)	(379)	(50,412)	(3,845)	(53)	(89,842)
Net change in total pension liability	80,137	3,416	42,137	3,619	1,793	131,102	27,186	3,532	30,871	3,462	1,625	66,676
Total pension liability - beginning	773,571	39,853	959,156	78,309	21,183	1,872,072	746,385	36,321	928,285	74,847	19,558	1,805,396
Total pension liability - ending (a)	$ 853,708	$ 43,269	$ 1,001,293	$ 81,928	$ 22,976	$ 2,003,174	$ 773,571	$ 39,853	$ 959,156	$ 78,309	$ 21,183	$ 1,872,072
Plan fiduciary net position												
Contributions - employer	$ 37,122	$ 1,708	$ 47,321	$ 3,877	$ 796	$ 90,824	$ 35,353	$ 1,389	$ 47,588	$ 3,805	$ 809	$ 88,944
Contributions - employee	1,141	618	9,719	984	401	12,863	1,076	557	9,431	948	391	12,403
Net investment income	12,129	784	13,034	1,081	467	27,495	70,296	4,268	74,777	6,157	2,552	158,050
Benefit payments, including refunds of employee contributions	(38,340)	(643)	(53,243)	(4,179)	(58)	(96,463)	(35,153)	(379)	(50,412)	(3,845)	(53)	(89,842)
Administrative expense	(172)	(11)	(209)	(19)	(10)	(421)	(100)	(7)	(132)	(11)	(3)	(253)
Other	522	(196)	145	(356)	(115)	-	576	-	(308)	(51)	(217)	-
Net change in plan fiduciary position	12,402	2,260	16,767	1,388	1,481	34,298	72,048	5,828	80,944	7,003	3,479	169,302
Plan fiduciary net position - beginning	498,199	31,172	533,671	44,081	18,441	1,125,564	426,151	25,344	452,727	37,078	14,962	956,262
Plan fiduciary net position - ending (b)	$ 510,601	$ 33,432	$ 550,438	$ 45,469	$ 19,922	$ 1,159,862	$ 498,199	$ 31,172	$ 533,671	$ 44,081	$ 18,441	$ 1,125,564
Authority's net pension liability - ending (a) - (b)	$ 343,107	$ 9,837	$ 450,855	$ 36,459	$ 3,054	$ 843,312	$ 275,372	$ 8,681	$ 425,485	$ 34,228	$ 2,742	$ 746,508
Plan fiduciary net position as a percentage of the total pension liability	59.81%	77.27%	54.97%	55.50%	86.71%		64.40%	78.22%	55.64%	56.29%	87.06%	
Covered payroll	$ 136,146	$ 13,717	$ 273,009	$ 28,141	$ 11,522		$ 133,250	$ 13,605	$ 264,860	$ 26,750	$ 10,756	
Authority net pension liability as a percentage of covered payroll	252.01%	71.71%	165.14%	129.56%	26.51%		206.66%	63.81%	160.65%	127.96%	25.49%	

Note to Schedule

The Authority adopted GASB 68 on a prospective basis in Fiscal Year 2015; therefore only eight years are presented in the above schedule. The Authority's total pension liability was measured one year prior to the fiscal year-end for each year noted.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN TRUST FUNDS
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS - LAST 10 YEARS
(AMOUNTS IN THOUSANDS OF DOLLARS)

SAM	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Actuarially determined employer contributions	$ 51,738	$ 49,025	$ 45,390	$ 44,190	$ 42,060	$ 37,334	$ 37,122	$ 35,353	$ 34,550	$ 32,462
Contributions in relation to the actuarially determined employer contribution	51,738	49,025	45,390	44,190	42,060	37,334	37,122	35,353	34,550	32,462
Employer contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 149,720	$ 146,821	$ 140,563	$ 140,105	$ 132,095	$ 130,848	$ 136,146	$ 133,250	$ 130,846	$ 128,215
Employer contributions as a percentage of covered payroll	34.56%	33.39%	32.29%	31.54%	31.84%	28.53%	27.27%	26.53%	26.41%	25.32%

TRANSIT POLICE	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Actuarially determined employer contributions	$ 3,756	$ 3,521	$ 2,401	$ 2,025	$ 1,692	$ 1,737	$ 1,652	$ 1,444	$ 1,389	$ 1,190
Contributions in relation to the actuarially determined employer contribution	3,756	3,521	2,401	2,025	1,692	1,737	1,652	1,388	1,389	1,190
Employer contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 56	$ -	$ -
Covered payroll	$ 13,748	$ 13,928	$ 14,312	$ 14,548	$ 13,695	$ 13,268	$ 13,717	$ 13,606	$ 13,513	$ 12,553
Employer contributions as a percentage of covered payroll	27.32%	25.28%	16.78%	13.92%	12.35%	13.09%	12.04%	10.61%	10.28%	9.48%

CITY TRANSIT	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Actuarially determined employer contributions	$ 52,061	$ 52,860	$ 53,739	$ 56,025	$ 45,401	$ 46,282	$ 47,017	$ 47,588	$ 49,218	$ 48,635
Contributions in relation to the actuarially determined employer contribution	52,061	52,860	53,739	56,025	45,401	46,282	47,017	47,588	49,218	48,635
Employer contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 302,518	$ 290,533	$ 289,290	$ 290,384	$ 288,333	$ 279,978	$ 273,009	$ 264,860	$ 256,667	$ 251,418
Employer contributions as a percentage of covered payroll	17.21%	18.19%	18.58%	19.29%	15.75%	16.53%	17.22%	17.97%	19.18%	19.34%

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN TRUST FUNDS
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS - LAST 10 YEARS (CONTINUED)
(AMOUNTS IN THOUSANDS OF DOLLARS)

SUBURBAN TRANSIT	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Actuarially determined employer contributions	$ 4,837	$ 4,784	$ 4,756	$ 4,785	$ 3,777	$ 3,888	$ 3,860	$ 3,805	$ 3,953	$ 3,811
Contributions in relation to the actuarially determined employer contribution	4,837	4,784	4,756	4,785	3,777	3,888	3,860	3,805	3,953	3,811
Employer contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 32,738	$ 32,412	$ 31,722	$ 30,390	$ 30,149	$ 28,882	$ 28,141	$ 26,750	$ 26,065	$ 25,155
Employer contributions as a percentage of covered payroll	14.77%	14.76%	14.99%	15.75%	12.53%	13.46%	13.72%	14.22%	15.17%	15.15%

FRONTIER	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Actuarially determined employer contributions	$ 535	$ 675	$ 782	$ 945	$ 631	$ 757	$ 779	$ 809	$ 921	$ 911
Contributions in relation to the actuarially determined employer contribution	535	675	782	945	631	757	779	809	921	911
Employer contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 12,276	$ 12,245	$ 12,204	$ 11,976	$ 11,866	$ 11,699	$ 11,522	$ 10,756	$ 10,239	$ 9,903
Employer contributions as a percentage of covered payroll	4.36%	5.51%	6.41%	7.89%	5.32%	6.47%	6.76%	7.52%	9.00%	9.20%

Notes to Schedule

Valuation date: January 1, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	22 years
Asset valuation method	Market value less unrecognized gains/losses over a 5-year period
Inflation	2.50%
Salary increases	SAM - 3.25% Transit Police, City Transit, Suburban Transit and Frontier - Salary scale rates vary by years of service for actuarial valuation purposes .5% plus inflation
Investment rate of return	6.5% net of pension plan investment expense
Retirement age	SAM - For Plan members hired prior to August 1, 2015 that have attained age 62 with 5 years service or age 55 with 30 years of service. If hired after August 1, 2015, Plan members that have attained age 65 with 10 years service or age 60 with 30 years of service. Transit Police - Plan members that have attained age 50 with 25 years of service City Transit, Suburban Transit and Frontier - Plan members that have attained 62 with 5 years of service or 30 years of service with no age restriction
Mortality	Mortality rates for all plans were based on the RP-2006 Annuitant Tables for Males and Females with adjustments for mortality improvements equal to 60 year average of Social Security data from 1936 to 2015. The mortality rates for the Transit Police, City Transit, Suburban Transit and Frontier Plans include blue collar adjustments for Preretirement.

Other Information

Effective in 2014, the Entry Age Funding Normal Method was used to determine the actuarially determined calculated contribution. Prior to 2014, the Projected Unit Credit Method was used.
Effective in 2015, and based upon the results of an experience study for the period January 1, 2007 through December 31, 2013, termination rates and rates of retirement for members between the ages of 62 and 64 were reduced. In addition, the assumed rate of inflation and the rate of return on investment were both reduced by .25%.
Effective in 2019, the Mortality tables were updated from the RP-2000 Annuitant Tables to the RP-2006 Annuitant Tables and the investment rate of return was decreased from 7.0% to 6.75%.
Effective in 2021, the investment rate of return was decreased from 6.75% to 6.50%.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN TRUST FUNDS
SCHEDULE OF INVESTMENT RETURNS - LAST 10 YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
SAM										
Average money-weighted rate of return, net of investment expense	26.27%	2.63%	5.97%	9.91%	12.55%	-1.83%	2.44%	16.52%	N/A	N/A
TRANSIT POLICE										
Average money-weighted rate of return, net of investment expense	26.15%	2.62%	5.94%	9.86%	12.52%	-1.73%	2.46%	16.42%	N/A	N/A
CITY TRANSIT										
Average money-weighted rate of return, net of investment expense	26.26%	2.61%	5.97%	9.89%	12.55%	-1.80%	2.44%	16.51%	N/A	N/A
SUBURBAN TRANSIT										
Average money-weighted rate of return, net of investment expense	26.34%	2.62%	6.01%	9.90%	12.55%	-1.78%	2.44%	16.53%	N/A	N/A
FRONTIER										
Average money-weighted rate of return, net of investment expense	26.24%	2.64%	6.07%	9.88%	12.57%	-1.69%	2.47%	16.58%	N/A	N/A

The Authority adopted GASB 84 in Fiscal Year 2021, therefore only eight years of data is available.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
(AMOUNTS IN THOUSANDS OF DOLLARS)

	Fiscal Year Ending June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability										
Service Cost	$ 38,396	$ 36,960	$ 39,473	$ 65,131	n/a	n/a	n/a	n/a	n/a	n/a
Interest on total OPEB liability	44,438	46,130	43,775	53,562	n/a	n/a	n/a	n/a	n/a	n/a
Changes of benefit terms	-	(1,066)	-	(16,096)	n/a	n/a	n/a	n/a	n/a	n/a
Effect of economic/demographic gains or (losses)	2,101	(4,974)	631	(23,876)	n/a	n/a	n/a	n/a	n/a	n/a
Effect of assumption changes or inputs	203,043	48,644	(65,851)	(665,096)	n/a	n/a	n/a	n/a	n/a	n/a
Benefit payments	(51,372)	(47,515)	(45,123)	(44,069)	n/a	n/a	n/a	n/a	n/a	n/a
Net change in total OPEB liability	236,606	78,179	(27,095)	(630,444)	n/a	n/a	n/a	n/a	n/a	n/a
Total OPEB liability - beginning	1,256,735	1,178,556	1,205,651	1,836,095	n/a	n/a	n/a	n/a	n/a	n/a
Total OPEB liability - ending	1,493,341	1,256,735	1,178,556	1,205,651	n/a	n/a	n/a	n/a	n/a	n/a
Covered payroll	$ 590,383	$ 590,383	$ 582,548	$ 582,548	n/a	n/a	n/a	n/a	n/a	n/a
Total OPEB liability as a % of covered payroll	252.94%	212.87%	202.31%	206.96%	n/a	n/a	n/a	n/a	n/a	n/a

Notes to Schedule

Changes of Benefit Terms

For 2018, the health plan election percentage was modified for Union and SAM retirements due to plan changes.
For 2020, amounts presented reflect changes in duration for the Transit Police medical benefits and a change in the duration of medical and prescription benefits for union rail members excluding TCU and a change in duration of medical benefits for union and TCU members in 2017.

Changes of Assumptions

For 2018, various healthcare assumptions have been updated including the per capita claim cost assumption, health cost trend assumption, and the loads for children.
The dependent coverage assumption for female employees was increased from 30% to 35%.
The promotion assumption was revised for members who are assumed to be promoted to SAM.

For 2019, the mortality tables were updated from RP-2000 Annuitant Tables to the RP-2006 Annuitant Tables and the discount rate was changed from 3.58% to 3.87%.

For 2020, healthcare assumptions including per capita costs, including load for children, and trend assumptions was updated based on recent claim experience, premium rates and future expectations.
For members eligible to make an election between the Personal Choice PPO plan and the Keystone HMO plan, the percentage was increased to 70% electing the PPO plan.
The assumed percentage of female retirees electing dependent coverage was increased from 35% to 40%.
The discount rate was changed from 3.87% to 3.50%.

For 2021, the discount rate decreased from 3.50% to 2.21%, which increased the liability.

The Authority adopted GASB 75 on a perspective basis in Fiscal Year 2018; therefore only four years are presented in this schedule.

No assets are accumulated in a trust that meets criteria in paragraph 4 of GASB Statement No. 75.

Other Supplementary Information

Pension Trust Funds:

- Statements of Plan Net Position
- Statements of Changes in Plan Net Position

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
PENSION PLAN TRUST FUNDS
STATEMENTS OF PLAN NET POSITION
(THOUSANDS OF DOLLARS)

	as of June 30, 2021					
	SAM Plan	Transit Police Plan	City Transit Plan	Suburban Transit Plan	Frontier Plan	Total
Assets:						
Receivables						
Plan member contributions	$ 612	$ 45	$ 1,217	$ 128	$ 46	$ 2,048
Employer contribution receivable	-	-	-	-	-	-
Interest and dividends	1,020	66	1,094	107	35	2,322
Sales pending settlement	5,292	344	5,679	556	183	12,054
Total receivables	6,924	455	7,990	791	264	16,424
Cash equivalents and Investments, at fair value						
Cash equivalents	24,866	1,616	26,669	2,612	860	56,623
Alternative	67,106	4,366	71,854	7,041	2,316	152,683
Corporate and other government obligations	163,112	10,649	173,608	17,046	5,592	370,007
Preferred stocks	73	5	78	8	3	167
Common stocks	475,348	30,899	509,805	49,932	16,435	1,082,419
Private equity	66,245	4,306	71,047	6,959	2,290	150,847
Real estate	37,551	2,441	40,273	3,944	1,298	85,507
Natural resources	1,604	104	1,720	168	55	3,651
Total Investments	835,905	54,386	895,054	87,710	28,849	1,901,904
Total assets	842,829	54,841	903,044	88,501	29,113	1,918,328
Liabilities:						
Purchases pending settlement	6,881	440	7,254	711	234	15,520
Net position restricted for pensions	$ 835,948	$ 54,401	$ 895,790	$ 87,790	$ 28,879	$ 1,902,808

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
PENSION PLAN TRUST FUNDS
STATEMENTS OF PLAN NET POSITION
(THOUSANDS OF DOLLARS)

	as of June 30, 2020					
	SAM Plan	Transit Police Plan	City Transit Plan	Suburban Transit Plan	Frontier Plan	Total
Assets:						
Receivables						
Plan member contributions	$ 393	$ 48	$ 1,002	$ 105	$ 42	$ 1,590
Employer contribution receivable	4,457	320	4,806	435	61	10,079
Interest and dividends	777	51	837	75	38	1,778
Sales pending settlement	4,478	295	4,827	430	218	10,248
Total receivables	10,105	714	11,472	1,045	359	23,695
Cash equivalents and Investments, at fair value						
Cash equivalents	21,039	1,379	22,695	2,019	1,024	48,156
Alternative	50,382	3,302	54,348	4,836	2,453	115,321
Corporate and other government obligations	134,789	8,832	145,397	12,938	6,560	308,516
Preferred stocks	-	-	-	-	-	-
Common stocks	355,789	23,315	383,792	34,151	17,317	814,364
Private equity	57,085	3,741	61,579	5,479	2,779	130,663
Real estate	41,546	2,722	44,816	3,988	2,022	95,094
Natural resources	1,436	92	1,551	138	68	3,285
Total Investments	662,066	43,383	714,178	63,549	32,223	1,515,399
Total assets	672,171	44,097	725,650	64,594	32,582	1,539,094
Liabilities:						
Purchases pending settlement	7,517	492	8,108	722	365	17,204
Net position restricted for pensions	$ 664,654	$ 43,605	$ 717,542	$ 63,872	$ 32,217	$ 1,521,890

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
PENSION PLAN TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET POSITION
(THOUSANDS OF DOLLARS)

	for the Year Ended June 30, 2021					
	SAM Plan	Transit Police Plan	City Transit Plan	Suburban Transit Plan	Frontier Plan	Total
Additions						
Contributions						
Employer (ADC)	$ 51,738	$ 3,756	$ 52,061	$ 4,837	$ 535	$ 112,927
Plan member	5,777	624	12,478	1,366	544	20,789
Other	-	-	-	-	-	-
Total contributions	57,515	4,380	64,539	6,203	1,079	133,716
Investment income (loss)						
Net realized gain	33,450	2,201	35,878	3,251	1,617	76,397
Net (decrease) in fair value of investments	131,759	8,608	141,394	12,783	6,319	300,863
Interest	4,160	272	4,462	405	198	9,497
Dividends	5,628	368	6,042	552	262	12,852
Total investment gain	174,997	11,449	187,776	16,991	8,396	399,609
Less investment expense	1,587	104	1,702	153	77	3,623
Net investment income	173,410	11,345	186,074	16,838	8,319	395,986
Total additions	230,925	15,725	250,613	23,041	9,398	529,702
Deductions						
Benefits	62,345	4,053	74,808	5,619	1,080	147,905
Asset transfer for transferred employees	(3,095)	851	(2,862)	(6,533)	11,639	-
Administrative expense	381	25	419	37	17	879
Total deductions	59,631	4,929	72,365	(877)	12,736	148,784
Net increase	171,294	10,796	178,248	23,918	(3,338)	380,918
Net position restricted for pensions						
Beginning of year	664,654	43,605	717,542	63,872	32,217	1,521,890
End of year	$ 835,948	$ 54,401	$ 895,790	$ 87,790	$ 28,879	$ 1,902,808

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
OTHER SUPPLEMENTARY INFORMATION
PENSION PLAN TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET POSITION
(THOUSANDS OF DOLLARS)

	for the Year Ended June 30, 2020					
	SAM Plan	Transit Police Plan	City Transit Plan	Suburban Transit Plan	Frontier Plan	Total
Additions						
Contributions						
Employer (ADC)	$ 49,025	$ 3,521	$ 52,860	$ 4,784	$ 675	$ 110,865
Plan member	4,714	611	13,112	1,389	548	20,374
Other	-	-	-	-	-	-
Total contributions	53,739	4,132	65,972	6,173	1,223	131,239
Investment income (loss)						
Net realized gain	14,062	909	15,246	1,351	675	32,243
Net (decrease) in fair value of investments	(5,679)	(364)	(6,256)	(555)	(270)	(13,124)
Interest	4,841	313	5,248	465	233	11,100
Dividends	5,163	335	5,596	496	249	11,839
Total investment gain	18,387	1,193	19,834	1,757	887	42,058
Less investment expense	1,400	92	1,519	135	67	3,213
Net investment income	16,987	1,101	18,315	1,622	820	38,845
Total additions	70,726	5,233	84,287	7,795	2,043	170,084
Deductions						
Benefits	57,883	3,802	72,214	5,843	36	139,778
Asset transfer for transferred employees	(1,622)	(134)	1,334	178	244	-
Administrative expense	270	15	303	25	13	626
Total deductions	56,531	3,683	73,851	6,046	293	140,404
Net increase	14,195	1,550	10,436	1,749	1,750	29,680
Net position restricted for pensions						
Beginning of year	650,459	42,055	707,106	62,123	30,467	1,492,210
End of year	$ 664,654	$ 43,605	$ 717,542	$ 63,872	$ 32,217	$ 1,521,890